

**Page Denied**

Executive Registry

9 July 1968

68-3222

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Bulletin 68-16 -- Limitations on Budget  
Authority and Outlays for Fiscal Year 1969

1. Bulletin 68-16 contains guidance on preparation and submission of Agency plans for reducing budget authority and outlays for FY 1969 in accordance with PL 90-364, the Expenditure Control Act of 1968.

2. The Bulletin states that the Bureau of the Budget will provide each agency with a planning figure which will be each agency's target for FY 1969. The planning figure will include all anticipated requirements for the year except the amount required for the pay increase effective 1 July 1968. This will be added later.

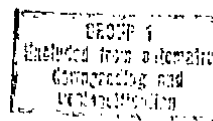
3. Within ten days after receiving his planning figure, the head of each agency will :

a. Prepare a plan for reducing his current 1969 budget to the new planning figure. This plan must identify costs of the 1 July pay increase. The plan must also indicate the effect of the reductions on new obligational authority, obligations, and expenditures.

b. Submit a prescribed format and a narrative statement of the program implications of the plan to the Bureau of the Budget.

c. Anticipate the need to restrict obligations and outlays in accordance with anticipated reductions.

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4. The Bureau of the Budget will review the Agency plan. The President's decision on the plan will be transmitted to the Agency head by the Bureau of the Budget. The Agency head will be responsible for insuring that limitations established by the President are not exceeded.

5. Apportionment and reapportionment requests will conform to the approved plan.

6. Each agency must absorb as much of the 1 July 1968 pay increase as possible. The absorption may take place by applying savings from the reduction plan so long as that part of the savings which comes from the limitation on number of employees in PL 90-364 are held in reserve and not used for pay act absorption.

7. The Bulletin states that if it is necessary to prepare the reduction plan before final Congressional appropriation action, the Agency will use its best estimate of final appropriation and will submit revised information after final Congressional action.

8. We foresee the following difficulties in this instruction:

a. In order to make the quick response demanded (ten days) the personnel plan for FY 1969 will have to be agreed on prior to receipt of the 1969 appropriation planning figure.

b. The present plan to achieve a  program reduction will have to be revised to reflect savings from personnel reductions as soon as the personnel plan for FY 1969 is agreed to.

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Acting Director of Planning,  
Programming, and Budgeting

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON, D.C. 20503

BULLETIN NO. 68-16

June 28, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on budget authority and outlays for  
fiscal year 1969

1. Purpose. This Bulletin provides for the preparation and submission of agency plans for reducing budget authority and outlays for fiscal year 1969 to comply with the limitations imposed by Public Law 90-364 of June 28, 1968.

The provisions of Public Law 90-364 which deal specifically with the limitation on the number of civilian officers and employees and the rescission of \$8,000,000,000 of unobligated balances are not covered in this Bulletin. Separate instructions will be provided on those provisions of the law.

2. Limitations. Public Law 90-364 requires that the President --

a. Limit budget authority for fiscal year 1969 to \$191,723,000,000, which is \$10,000,000,000 less than the amount proposed in the 1969 budget.

b. Limit outlays for fiscal year 1969 to \$180,062,000,000, which is \$6,000,000,000 less than the amount proposed in the 1969 budget.

3. Exceptions. The dollar limitations cited in paragraph 2 may be exceeded only insofar as budget authority and outlays for the fiscal year 1969 exceed the amounts estimated in the 1969 budget for any of the following:

a. Special support of Vietnam operations. (Activities covered by the budget authority estimate of \$25,405 million that can be derived from the tables on pages 81 and 92 of the 1969 Budget and the outlays estimate of \$26,264 million as shown in the table on page 83 of the 1969 Budget.)

b. Interest. (Payments under this heading as shown in table 3 on page 53 and table 13 on page 183 of the 1969 Budget.)

c. Veterans benefits and services. (Activities covered by the table on page 161 and table 13 on pages 182-183 and 188 of the 1969 Budget.)

d. Payments from trust funds established by the Social Security Act, as amended. (Activities covered by the first four line entries in table C-4 on page 488 of the 1969 Budget.)

4. Planning figures. Planning figures, which will establish targets for agency plans, will be provided to all agencies by the Bureau of the Budget. These planning figures will cover amendments and supplemental appropriations as well as regular appropriations. For consistency with the 1969 budget estimates, amounts for the civilian and military pay increases effective in July 1968 will not be included in the planning figures for each agency, but will be added later.

5. Action by agency. The head of each agency will:

a. Prepare a plan for budget reductions, by appropriation and fund account, for 1969 budget authority, outlays and obligations to conform to the 1969 planning figures provided by the Bureau of the Budget. This plan will also identify the increased costs for civilian and military pay increases under Executive Orders 11413 and 11414, effective in July 1968, for which a special allowance for the Government as a whole was included in the budget. The plan will be designed in such a way that, insofar as possible, reductions in budget authority and outlays will flow from reductions in obligations, which will be controlled through the apportionment process.

b. Submit to the Bureau of the Budget:

(1) The "Plan for 1969 Budget Reductions" (see Exhibit A) prepared in accordance with instructions in Attachment A.

(2) A narrative statement summarizing the implications for specific programs of the action proposed to be taken under the agency plan.

Four copies of the required information will be submitted to the Bureau of the Budget not later than 10 days after the planning figures are furnished by the Bureau of the Budget. If it becomes necessary to prepare the plan before final Congressional action on the agency's appropriation act, the agency's best estimate of the final appropriation will be used. After final passage of the appropriation act, the agency will submit revised information to the Bureau of the Budget.

c. Anticipate the need to absorb a share of the overall reductions required by the limitations in paragraph 2 above, and restrict obligations and outlays appropriately, until the agency plan is approved.

d. Request apportionments or reapportionments as necessary to conform to the agency plan as approved in accordance with paragraph 6 below.

e. Supplement the present administrative control regulations (which govern the apportionment process) with additional control instructions, as necessary, to prevent the agency from exceeding the 1969 limitations on outlays.

6. Limitations on budget authority and outlays. The Bureau of the Budget will review the agency's plan for conformity with the goals and priorities of the President and provide him with recommendations for action. The President's decisions with respect to 1969 limitations on budget authority and outlays will be transmitted to the agency head by the Bureau of the Budget. The agency head will be responsible for insuring that the limitations established by the President are not exceeded. Where necessary, a revised agency plan reflecting the final 1969 limitations will be submitted to the Bureau of the Budget.

7. Apportionment and reapportionments. Apportionment and reapportionment requests will be submitted in accordance with the instructions in Circular No. A-34. Apportionment and reapportionment forms will also be required, when specifically requested by the Bureau of the Budget, for selected trust funds and other funds which are now exempt from apportionment under Circular No. A-34.

The sum of the reserves for all accounts having 1969 budget authority will equal or exceed the amount shown on line E, minus line F, in the column for budget authority on the approved agency plan (Exhibit A). Reserves established to accomplish the reductions required by Public Law 90-364 will be identified, either in the body of the form or in a footnote.

In preparing apportionment and reapportionment requests, the costs of civilian and military pay increases effective in July 1968 must be absorbed insofar as possible, thus reducing the amount of the supplementals required. However, reserves for each account must be at least equal to the savings resulting from the provisions of Public Law 90-364

relating to the limitation on the number of employees. In a single account, therefore, the apportionment form may reflect both a reserve for savings resulting from the personnel limitation and an anticipated supplemental to meet increased pay costs.

8. Budget presentation. In the schedules in the Appendix to the 1970 budget, the budget authority entry will be net of reserves which, under the terms of the law, are to be automatically rescinded as of June 30, 1969. These amounts will be identified in the review of the 1970 budget.

Instructions for preparing 1970 budget schedules to reflect this reserve action will be issued at a later date.

10. Special guidelines. Agencies should be aware of the following when planning for the execution of the imposed limitations:

a. Subsequent increases in 1969 budget authority over the amounts in the budget for indefinite authorizations will require the agency head to make an equivalent offsetting reduction elsewhere to remain within the limitation.

b. Legislation not reflected in the budget which provides "backdoor" financing will require the agency to make equivalent offsetting reductions to meet the budget authority limitation. Also, any additional outlays generated thereby in 1969 will force an equivalent offsetting reduction in outlays.

c. Program additions or expansion (including those which, under existing law, are not subject to direct administrative control) and new legislation leading to greater 1969 budget authority or outlays than reflected in the 1969 budget will require the agency to make equivalent offsetting reductions elsewhere.

d. Any increases over the budget estimates due to lack of Congressional approval of proposed legislation which would have reduced budget authority or outlays will also require the agency to make equivalent offsetting reductions.

e. Reductions in outlays of special foreign currency program appropriations will not decrease total Government outlays, and will not count in reductions to meet agency limitations.

CHARLES J. ZWICK  
Director

Attachments

ATTACHMENT A  
Bulletin No. 68-16

INSTRUCTIONS FOR PREPARING  
PLAN FOR 1969 BUDGET REDUCTIONS  
PURSUANT TO P.L. 90-364

Summary section --

- Line A1 Enter the total amounts shown for the agency in the 1969 budget for budget authority and outlays in table 14, which starts on page 196 of the Budget. In the column for obligations, show total amounts on the same basis as in the budget schedules (Line 71, Total obligations (affecting expenditures)). Include in all three columns those items which were proposed in the budget for transmittal at a later date.
- Line A2 Paragraph 3 of the Bulletin specifies activities which may cause the limitations to be exceeded. Enter as negative items, in all three columns, gross amounts included in the budget for these activities (i.e., excluding the effect of any receipts deducted which might be related to these activities).
- Line A3 Show, as plus items, the amounts of receipts offsetting budget authority, outlays and obligations as estimated in the 1969 budget document (adjustments for interfund and intragovernmental transactions and applicable receipts from the public, and loan repayments deposited in general fund).
- Line A4 Sum of the three above lines.
- Line B Enter 1969 planning figures for budget authority and outlays as provided by the Bureau of the Budget. In the obligations column enter the agency's planned reduced level of obligations to meet the 1969 limitations.
- Line C Line A5 minus line B.
- Line D Enter the net increases over the budget passed by Congress, as a plus, and net decreases as a minus.
- Line E Line C minus line D.



Line F Enter the estimated 1969 effect of the civilian and military pay increases (including related costs for Government retirement contributions, employer FICA taxes, and other payments based on employees' salaries) which start in July 1968. In the column for budget authority show only the portion of the cost requiring additional 1969 budget authority. (Exclude direct costs to be financed by reimbursements or balances but include any payments to other agencies for which appropriations would be required.) The column for outlays and obligations will include increases financed from balances (as well as those financed from budget authority), but will be net of those financed by increased reimbursements. Exclude any anticipated wage board increases. Wage board increases will be absorbed by the agencies within the 1969 limitations.

#### Analysis by account

1. List all accounts for which amounts are reported on lines C, D, or F. For each account, show separate lines for budget authority (BA), outlays, and obligations (Obl.)

2. For each account listed, amounts will be entered as follows:

Column 1 - Enter amounts shown in the 1969 budget, including amounts proposed for separate transmittal.

Column 2 - Enter the amount of budget authority enacted by Congress, and comparable amounts for outlays and obligations. Indefinite authorizations (whether current or permanent) will be reported in the same amounts as estimated in the budget.

Column 3 - Enter the current estimate of budget authority after deducting reserves proposed under P.L. 90-364, but excluding any changes which are offset by changes in estimates of receipts to be deducted from agency totals. (Where an appropriation is equal to receipts which are deducted from the totals, the same amount will appear in columns 1, 2 and 3 for budget authority.)

For outlays and obligations, enter the latest estimates, taking account of any other reserves in addition to those proposed under P.L. 90-364.

Column 4 - Enter the result of subtracting column 3 from column 2. In cases where column 3 is a higher figure, the amount in column 4 will be negative, and must be offset by positive savings in other accounts.

Column 5 - Enter the amount included on line F of the Summary for the account involved.

PLAN FOR 1969 BUDGET REDUCTIONS  
Pursuant to P.L. 90-364

DEPARTMENT OF GOVERNMENT

(In thousands of dollars)

SUMMARY

		1969		
		<u>Budget Authority</u>	<u>Outlays</u>	<u>Obligations</u>
A. Budget authority, outlays and obligations:				
1. Totals recommended in 1969 budget (including items proposed for separate transmittal)		8,798,600	8,555,016	8,868,750
2. Exception activities under P.L. 90-364	(-)	-	-	-
3. Offsetting receipts reflected in the 1969 budget	(+)	1,442,085	1,442,085	-
4. Sub-total		10,240,685	9,997,101	8,868,750
B. Planning figures provided by the Bureau of the Budget and agency action	(-)	-9,250,685	-9,037,101	-7,870,750
C. Gross reductions required		990,000	960,000	998,000
D. Impact on reductions required due to Congressional action	(+) (-)	-15,000	-12,600	-13,000
E. Net reductions required	(+)	975,000	947,400	985,000
F. Adjustments for 1969 civilian and military pay increases	(-)	-199,800	-200,000	-206,000

DEPARTMENT OF GOVERNMENT  
 (In thousands of dollars)  
ANALYSIS BY ACCOUNT

		1969 budget (1)	Enacted (2)	Current revision (3)	Possible reductions (4) (2 - 3)	Pay costs (5)
Office of the Secretary:						
Salaries and expenses	BA	3,105	2,950	2,900	50	-15
	Outlays	3,206	3,075	3,040	35	-14
	Obl.	3,105	2,950	2,900	50	-15
Bureau of Public Works:						
Construction	BA	54,455	45,000	45,000	--	--
	Outlays	52,971	51,750	50,500	1,250	--
	Obl.	54,986	49,900	48,700	1,200	--
Salaries and expenses	BA	10,300	10,000	9,500	500	-75
	Outlays	9,300	9,100	8,900	200	-72
	Obl.	10,300	10,000	9,500	500	-75
Bureau of Business Management:						
Commercial Revolving Fund	BA	6,300	5,000	5,000	--	--
	Outlays	-2,723	-3,700	-4,500	800	-50
	Obl.	-11,845	-13,145	-13,145	--	--
Bureau of Public Benefits:						
Public benefits trust fund	BA	1,216,838	1,216,838	1,216,838	--	--
	Outlays	1,219,050	1,219,050	1,221,000	-1,950	-105
	Obl.	1,220,100	1,220,100	1,222,600	-1,500	-105

22 Aug 68

Discussed with Vince. Reaffirmed  
agreement with Hurley regarding  
value of this reporting requirement  
in view of agency exclusion  
from 25% rule and previous  
agency exclusion from SF 113A  
reporting requirements. In view thereof,  
Hurley requests continued reporting  
of agency total employment levels  
as part of the monthly status of  
Insider Report and requested that  
IAS levels be reported as a  
separate footnote. Passed this  
along to Danney with request  
that IAS levels be reported in  
next monthly report & a copy  
of the report be given to Vince  
in the event that Hurley raises  
any question on levels with him.

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-15, Supplement No. 4

July 26, 1969

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on the number of civilian employees

1. Purpose. Bureau of the Budget Bulletin No. 68-15 prescribed regulations to implement section 201 of Public Law 90-364, which established limitations on the number of civilian officers and employees in the executive branch and required that the savings resulting from the operation of these employment limitations be identified and reserved from use. The Second Supplemental Appropriations Act, 1969 (Public Law 91-47), approved July 22, 1969, repeals the employment limitations of section 201.

This supplement terminates, as of July 1, 1969, the requirements of Bulletin No. 68-15 and its subsequent supplements, subject to the qualifications below.

2. Report for June 1969. All agencies should recognize that the "Special Report on Employment" and the "Report on Reserves and Savings" for June 1969 -- as called for by Bulletin No. 68-15 and its supplements -- are still required. Thereafter, the requirement for these reports is discontinued.

3. Employment controls in fiscal year 1970. In signing Public Law 91-47, the President directed "a further lowering of the personnel ceilings established last April" (in connection with the April budget revisions). Each agency will be notified in the near future of a revision in those April personnel allowances, covering both full-time permanent and total civilian employment. In the meantime, you should manage your agency's authorized positions effectively and control strictly the numbers of personnel employed.

ROBERT P. MAYO  
Director

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
Washington, D. C. 20503

BULLETIN NO. 68-15, SUPPLEMENT NO. 3

May 23, 1969

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on the number of civilian employees

1. Purpose. Bureau of the Budget Bulletin No. 68-15, dated June 28, 1968, and Supplements 1 and 2 thereto, prescribed regulations to implement section 201 of Public Law 90-364, which (a) established limitations on the number of civilian officers and employees in the executive branch and (b) instructed the Director of the Bureau of the Budget to reassign vacancies in agencies of the executive branch "for the more efficient operation of the Government."

This Supplement No. 3 to Bulletin No. 68-15 further reduces the rate at which full-time permanent employees may be appointed to fill vacancies occurring due to resignation, removal, retirement or death. This action, in part, is prompted by the magnitude of agency requests for the reassignment of vacancies during the first quarter of the fiscal year 1970. Agency requests for reassignments of vacancies far exceed the number available for such action by the Director of the Bureau of the Budget. The reduction in appointment authority is required for the more efficient operation of the Government.

2. Responsibility of agency heads. The head of each agency will insure that appointments of full-time employees to permanent positions in his agency are limited to 65% of positions becoming vacant on and after July 1, 1969, because of resignation, removal, retirement, or death. Hiring commitments must properly recognize this new limitation on appointments.

3. Coverage. These provisions are applicable to appointments of full-time employees to permanent positions coming under the provisions of section 201 of Public Law 90-364.

Agencies with 50 or fewer full-time employees in permanent positions may continue to fill vacancies in such positions as they occur, on a one-for-one basis.

ROBERT P. MAYO  
Director

*although from reporting*  
*(BOB)*

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-15, Supplement No. 2 April 10, 1969

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on the number of civilian employees

1. Purpose. Bureau of the Budget Bulletin No. 68-15, dated June 22, 1968, prescribed regulations to implement section 201 of Public Law 90-364, which established limitations on the number of civilian officers and employees in the executive branch.

This Supplement No. 2 to Bulletin No. 68-15 is provided to emphasize that unless the Congress amends or repeals section 201 of Public Law 90-364, the current hiring restrictions and reporting under the law will remain in effect during fiscal year 1970. Therefore, Bureau of the Budget Bulletin No. 68-15 and Supplement No. 1, as well as this instruction, are in effect until amended or withdrawn.

2. Responsibility of agency heads. The original 1970 budget and subsequent reviews of the budget assumed that Public Law 90-364 would be changed for the fiscal year 1970. This assumption was made for budget planning purposes only and does not automatically remove the hiring restrictions as provided under the law.

The head of each agency, therefore, will insure that any new hiring commitments made this summer and fall properly recognize the employment limitations of Public Law 90-364. The agencies' need to actively recruit during the coming summer and fall cannot be used to excuse any violations of the provisions of this law.

Agency requests for the reassignment of vacancies for the first quarter of the fiscal year 1970, as provided for under Bulletin No. 68-15, should be submitted no later than April 30, 1969. However, the Bureau of the Budget will not grant blanket relief to any agency by reassigning vacancies to meet excessive commitments.

3. Disadvantaged summer youth employment. The Civil Service Commission will again advise agencies on the



employment of disadvantaged summer youths. The Commission will monitor the program to assure that the legal limitation will not be exceeded. The exemption under the law is limited to 70,000 for the executive branch of the Government.

ROBERT P. MAYO  
Director

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-15, SUPPLEMENT NO. 1

August 20, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on the number of civilian employees

1. Purpose. Bureau of the Budget Bulletin No. 68-15, dated June 28, 1968, prescribed regulations to implement section 201 of Public Law 90-364, approved June 28, 1968, which established limitations on the number of civilian officers and employees in the executive branch. Those limitations became effective July 1, 1968.

This Supplement to Bulletin No. 68-15 provides revised instructions and a revised report form (Exhibit A) to take into account any statutory exemptions from those employment limitations enacted since July 1, 1968. This new reporting requirement and the revised form are applicable to all agencies.

2. Special monthly reports on employment. The revised format, as illustrated in Exhibit A of this Supplement, will be used for the monthly "Special Report on Employment." Sections A, B, and C of the report will apply only to employment subject to the limitations of Public Law 90-364, as modified by any statutory exemptions. The caption for these sections of the report will show parenthetically "(Excluding Statutory Exemptions)," as indicated in Exhibit A. Agency reports for sections A, B, and C of Exhibit A will be adjusted in both columns "(a)" and "(b)" to exclude employment covered by newly enacted statutory exemptions in the month the exemptions become effective. The first agency report containing such adjustments will include an attachment containing an explanatory note which cites the legislation authorizing the exemptions and presents information reconciling the data to the figures on the report for the preceding month.

The caption to section D of the report is retitled to read "Employment Under Statutory Exemptions." Monthly data on employment exempted in Public Law 90-364 will be reported on lines 14, 15, and 16. Monthly data on employment under any statutory exemption enacted since July 1, 1968, will be reported on new lines 17a, for "Full-time employment in permanent positions", and on 17b for "Temporary and part-time employment."

New line 18 (previously line 17) will be used to report total employment at "End of month (same as on SF 113A)."

CHARLES J. ZWICK  
Director

Attachment

## SPECIAL REPORT ON EMPLOYMENT

## DEPARTMENT OF GOVERNMENT

	August 1968 (a)	Cumulative Since June 30, 1968 (b)
<b>A. <u>Full-time Employment in Permanent Positions</u> (Excluding Statutory Exemptions)</b>		
1. Employment, July 1, 1968 .....	xxx	10,000
2. Employment, end of previous month .....	9,975	xxx
3. Separations due to retirement, resignation, removal, or death:		
a. Period with 75% vacancy-filling rate.(-) ..	-85	-163
b. Period with % vacancy-filling rate.(-) ..	NA	NA
c. Period with % vacancy-filling rate.(-) ..	NA	NA
4. Employees transferring to other agencies.(-) ..	-25	-55
5. Accessions during period ... (+) .....	90	173
6. Employment, end of month .....	9,955	<u>9,955</u>
<b>B. <u>Maximum Allowable Full-time Employment in Permanent</u> Positions (Excluding Statutory Exemptions)</b>		
7. Based upon % replacement limitations:		
a. Employment, July 1, 1968 - (25% x line 3a)	xxx	9,960
b. % not replaceable x line 3b (-) .....	xxx	NA
c. % not replaceable x line 3c (-) .....	xxx	NA
8. Reassignments by Bureau of the Budget(+ or -).	xxx	--
9. Maximum allowable employment .....	xxx	<u>9,960</u>
<b>C. <u>Temporary and Part-time Employment (Excluding</u> Statutory Exemptions)</b>		
10. Employment, end of month .....	440	xxx
11. Employment same month, calendar 1967 .....	xxx	(455)
12. Reassignments by Bureau of the Budget(+ or -)	xxx	--
13. Maximum allowable employment .....	xxx	<u>(455)</u>
<b>D. <u>Employment Under Statutory Exemptions</u></b>		
14. Presidential appointees (full-time permanent)	12	xxx
15. Disadvantaged summer youth .....	189	xxx
16. Intermittent .....	98	xxx
17. Statutory exemptions since July 1, 1968:		
a. Full-time employment in permanent positions	*	xxx
b. Temporary and part-time employment.....	*	xxx
<b>E. <u>Total Employment</u></b>		
18. End of month (same as on SF 113A) .....	<u>10,694</u>	<u>xxx</u>

NA - Not applicable at this time.

\*Show employment covered by statutory  
exemptions enacted since July 1, 1968

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CCS - R1.

*Mr. Clarke was informed  
of exemption on 5/28.*

10 July 1968

MEMORANDUM FOR THE RECORD

SUBJECT: BOB Bulletin 68-15 -- Limitations on Numbers of  
Civilian Employees

1. A meeting was held with John Hurley, BOB representative, regarding the application of Bulletin 68-15. In addition to Mr. Hurley, the following people were present:

Mr. John Clarke



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2. Mr. Hurley confirmed what he had indicated earlier to Mr. Clarke that the three for four principle regarding replacement hiring would not be applied to CIA. He stated that since the Agency had successfully reached its FY 1968 end of year employment level of [ ] which level was below the 30 June 1966 end of year employment of [ ] the objective of Bulletin 68-15 had been met. This means that the Bulletin stipulation that the FY 1968 employment ceiling will remain in effect is binding.

3. In the course of the discussion it was clearly pointed out to Mr. Hurley that the year-end levels for FY 1966 and FY 1968 are not strictly comparable, but that the lack of comparability had previously been agreed to by BOB. We showed him the 2 February letter from the Budget Director which specifically excluded certain OSA and all IAS personnel from the FY 1968 ceiling, and he had no quarrel with this position. Finally, we indicated to him that with the Bureau interpretation as presented by him we will go forward and prepare our 1970 Budget with a [ ] position level in the 1969 column. With all of the above he was in full agreement.

4. Next we took up the problem of monthly reporting on temporary positions and part-time employees as required by Bulletin 68-15. We pointed out that our current records do not permit this kind of detailed

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Excluded from automatic  
downgrading and  
declassification

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reporting, but that we are in the process of developing a system which will do so. He appeared understanding of this difficulty and indicated that whereas the Bureau would not expect full compliance where conditions do not permit, at the same time we should report monthly levels on IAS or other categories where it is available. This we agreed to do.

50X1 5. Finally, it should be noted that although Hurley <sup>did</sup> ~~would~~ not reiterate again the Bureau's intention to retrieve some positions as a result of the BALPA exercise, he had stated this intent in an earlier conversation with Mr. Clarke. Accordingly, we should anticipate that some reductions from the  level will in all likelihood occur before FY 1969 comes to an end.

STAT

Chief, Budget Division

Distribution:

- Orig - ExDir (return D/PPB)
- 1 - C/BD
- 1 - D/PPB
- 1 - Manpower Control Officer
- 1 - C/PPD

SECRET

DATE

19 July '68

TRANSMITTAL SLIP

ROOM NO.

BUILDING

REMARKS:

FROM:

Eddie - Comp

ROOM NO.

BUILDING

EXTENSION

**Page Denied**

SECRET

FPB

68-0489

Executive Registry

683223

9 July 1968

*Mr. Clarke was informed  
of exemption on 5/28.*

MEMORANDUM FOR: Executive Director-Comptroller

SUBJECT : Bulletin 68-15 -- Limitations on the Number  
of Civilian Employees

1. The following is an analysis of the significant points in Bulletin 68-15 together with issues raised by these points and some recommendations for resolving these issues. In general the Bulletin is complicated and not entirely clear on a number of matters and is obviously directed at the normal general government agencies rather than the CIA.

2. Full Time Employees in Permanent Positions. The Bulletin states that "until the number of employees for the executive branch as a whole is less than the number employed on June 30, 1966 ... the head of the agency will insure that the appointment of full time employees to permanent positions does not exceed 75% of the number of separations due to resignations, retirement, removal, or death." An exception to this restriction can be provided by the Bureau of the Budget, but the ground rules promise to be rather stringent unless an Agency is at or below its 1966 year-end employment. The full time employment in permanent positions as of June 30, 1966 will be furnished to each agency by the Bureau of the Budget.

3. Regarding permanent positions, there are two major issues. First, it is necessary for us to arrive at an understanding on a June 30, 1966 level with the Bureau of the Budget. Mr. Hurley has already informally asked our assistance in determining this level. On the basis of actual figures, our 30 June 1966 reported level is [ ] our 30 June 1968 level is [ ] or 17 under the 1966 figure. Unfortunately, the two figures are not strictly comparable. The 1966 figure includes [ ] IAS pool and [ ] OXCART positions; the 1968 figures, by agreement with the Bureau of the Budget, do not include [ ] IAS positions and [ ] OXCART positions. The Bureau may want to adjust one of the year-end totals to achieve comparability.

4. The second issue, which flows from the above, is the question of whether or not the Bureau will grant relief from the 75% replacement

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restriction, once we reach an agreed upon strength level. For if the Bureau is unwilling to grant us relief even if we attain such a level, we shall then be forced to restrict appointments to three-quarters of losses until the "executive branch as a whole" reaches the June 1966 employment level.

5. It is recommended that for purposes of discussion with the Bureau of the Budget, we attempt to determine first that the restriction will be lifted if we achieve an agreed upon 1966 employment level. If so, we would argue for the present status, i. e., OXCART and IAS positions be included in June 1966 strength levels but omitted from current level. Such an arrangement would find us 17 below strength on 30 June 1968. Should the Bureau find this unacceptable, we would urge either Alternative B or Alternative C as shown on the attachment.

6. Temporary Positions and Part Time Employees. The Bulletin requires the head of each agency to insure that the appointment of full time employees in temporary positions and part time employees (excluding summer disadvantaged youth, intermittent employees, and employees serving without compensation) is limited so that the number of such employees on board during the corresponding months of calendar year 1967. Here also the Bureau of the Budget is to provide us with our 1967 monthly allotments. In each month, the total number of employees on board shall not exceed the number on board during the same month of 1967. This raises a very significant issue for CIA because at the moment we do not have any central control over the numbers of temporary and part time employees. Certain categories of these employees, such as the IAS pool, are known and are readily controllable but the vast majority of these employees including [redacted]

[redacted] are not subject to any position control at present. The alternative here seems to be either to seek to establish immediate controls over these positions or to ask the Bureau for a complete exemption from this restriction and perhaps substitute some other method of control such as the allotment of dollars for these positions. Neither of these alternatives is very satisfactory and both point up a lack of established control over this large category of employment in the past. It is recommended that we discuss this situation with the Bureau of the Budget and ask for temporary relief from this requirement with the promise that we will take steps to institute world-wide control and reporting of temporary and part time employment.

7. Bulletin 68-15 implies that controls and reporting requirements are to be managed by the Bureau of the Budget on a monthly basis. In

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view of our practice of bringing in certain types of employees by classes and in view of our heavy emphasis on summer and fall recruitment, it would be helpful to negotiate some method of control which sets semi-annual requirements for CIA even if we must continue to make monthly progress reports. The Bulletin requires special reports on employment, as well as continuation of the standard form 113A Civil Service Report. The latter is required of other agencies, but not of CIA, although the Bureau of the Budget has recently exhibited some interest in abolishing this waiver. It is recommended that the matter and form of reporting requirements be discussed with the Bureau of the Budget, with the intention of negotiating a procedure which will permit compliance with Bureau requirements which are compatible with Agency reporting capabilities.

8. Two other points worthy of note are: (a) savings resulting from these employment limitations are to be placed in the Reserve; and (b) the law is not to be circumvented by "contracting with firms and institutions for personal services."

STAT

Acting Director of Planning,  
Programming, and Budgeting

STAT

Deputy Director, O/P

Attachment

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-15

June 28, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Limitations on the number of civilian employees

1. Purpose. Section 201 of Public Law 90-364, approved June 28, 1968, prescribes limitations on the number of civilian officers and employees in the executive branch. These limitations become effective July 1, 1968. The Director of the Bureau of the Budget is required to perform certain functions in the execution of that section, and is authorized to prescribe regulations to carry out its provisions. This Bulletin prescribes such regulations.

The provisions of P.L. 90-364 dealing with the limitations on budget authority and outlays for fiscal year 1969 are covered in Bulletin No. 68-16 which will be issued shortly.

2. Definitions. Unless otherwise indicated herein, the terms of this Bulletin relating to employment and types of positions have the meaning set forth in Bureau of the Budget Circular No. A-64. (Those meanings are the same as in the Federal Personnel Manual, section 292.) The term "agency" has the meaning set forth in Bureau of the Budget Circular No. A-11; it includes both departments and those establishments which are independent of the departments.

3. Responsibility of agency heads. The head of each agency will:

a. Insure that the number of appointments of full-time employees to permanent positions within his agency does not exceed 75 percent of the number of separations due to resignation, retirement, removal, or death, or such other limitations as may be established by the Director of the Bureau of the Budget in accordance with Public Law 90-364. This limitation does not apply to positions filled by appointment by the President with the advice and consent of the Senate, nor to the filling of vacancies resulting from employees transferring to full-time permanent positions elsewhere in the Federal service. (References in this Bulletin to the 75 percent replacement rule also apply to such modified replacement rules as may be prescribed by the Director of the Bureau of the Budget - see paragraph 6 below.)

*part time*

b. Insure that the number of appointments of full-time employees in temporary positions (exclusive of summer employment of disadvantaged youth, casual employees, and employees serving without compensation) and of part-time employees is limited so that the number of such employees during any month does not exceed the number of such employees in his agency during the corresponding month of calendar year 1967. (The numbers of temporary and part-time employees for each month of 1967, adjusted for summer employment of disadvantaged youth and for reorganizations and transfers of functions, will be furnished to each agency by the Bureau of the Budget.)

c. Provide for the reassignment of vacancies resulting from separations for the specified causes between components of his agency and among various types of positions so as to achieve the most effective and efficient use of those vacancies which he is authorized to fill.

d. Make sure that apportionment requests, submitted pursuant to Bureau of the Budget Circular No. A-34, and the provisions of Bulletin No. 68-16, "Limitations on budget authority and outlays for fiscal year 1969," provide for reserving the savings resulting from the operations of section 201 of Public Law 90-364.

4. Termination of limitations on full-time permanent appointments. The limitations established in accordance with this Bulletin and Public Law 90-364 on the appointment of full-time employees to permanent positions will be in effect until the number of employees for the executive branch as a whole is less than the number employed on June 30, 1966. At such time, the Director of the Bureau of the Budget will notify the agencies and issue such modifications of these regulations as may be required.

5. Determination of vacancies to be filled. Within the limits permitted by the law and this Bulletin, the head of each agency may determine (or provide methods of determining) the vacancies to be filled. In applying the 75 percent rule for filling vacancies in full-time permanent positions, the computation will be carried to the whole number, with fractions dropped. The agency head should provide for the reassignment, as he determines to be necessary and desirable, of vacancies resulting from the specified causes. He may fill the number of vacancies allowable under the 75 percent rule (including new positions established to carry on new and increased workloads) without regard to the specific positions vacated. For example, four vacancies resulting

from the resignations of statisticians and typists in Chicago and Los Angeles could be used to hire three nurses for a hospital in New York under the jurisdiction of the same agency.

6. Reassignments of vacancies by the Bureau of the Budget.

The Director of the Bureau of the Budget may reassign vacancies between agencies if, in his opinion, such action is necessary or appropriate because of the creation of a new agency, because of a change in functions, or for the more efficient operation of the Government.

a. <sup>of BOB</sup> The Director may authorize a higher replacement rate for vacancies in full-time permanent positions for some agencies (for example, those for which the maximum allowable employment would otherwise be below their June 30, 1966, employment) and prescribe a lower replacement rate for other agencies (for example, those above their June 30, 1966, employment) in such manner as to adhere to the overall limitation for the executive branch. (The full-time employment in permanent positions as of June 30, 1966, adjusted for Presidential appointees and for reorganizations and transfers of functions, will be furnished to each agency by the Bureau of the Budget.)

b. Periodically, the Director of the Bureau of the Budget will notify agencies of reassignments of vacancies (1) in full-time permanent positions (whether resulting from the operation of paragraph 6a, or otherwise), and (2) in part-time and temporary employment. Agencies receiving such reassigned vacancies are authorized to make appointments thereto for the full number of vacancies so reassigned, in addition to appointments otherwise allowable.

7. Requirements for reassignment of vacancies. Requests for reassignments under paragraph 6, above, will be made not more often than quarterly by letter from the agency head. Such letters will demonstrate the need for reassignments and set forth the additional number of reassignments estimated to be required for each of the ensuing three months (full-time permanent positions separately).

Except for those agencies which are below their June 30, 1966, employment levels, the following guidelines will be used:

a. Agencies with more than 50 full-time employees in permanent positions. There must be a clear demonstration that the additional employees are required to meet needs such as those involving the safety of human life, the immediate health of individuals, or the protection of property. There must also be a clear showing that the agency head has taken

all steps within his power to meet the needs, including the reassignment of vacancies within his agency to the organization unit and types of positions in which the requirements occur.

b. Agencies with 50 or less full-time employees in permanent positions. There must be a clear demonstration that the additional vacancies are required either for the reasons stated in paragraph 7a above, or that they are essential to executing the basic mission of the agency. There must also be a clear showing that the agency head has taken all the steps within his power to meet the needs, including the reassignment of vacancies within his agency to the types of positions in which the requirements occur.

8. Exceptions. Public Law 90-364 excepts the following groups from the employment ceilings:

a. Employees (not exceeding 70,000 during any month) appointed under the President's program to provide summer employment for economically or educationally disadvantaged persons between the ages of 16 and 22 (i.e., 16 through 21). The executive agencies will be advised by the Civil Service Commission of the procedures for controlling employment under this program.

b. Casual employees. (As referred to in Public Law 90-364, these are considered as "intermittent employees" as defined in Bureau of the Budget Circular No. A-64.)

c. Employees serving without compensation.

9. Special monthly reports on employment. Special monthly reports on civilian employment of executive agencies are required for administration of this law, and for preparing the prescribed quarterly reports to the Congress. These monthly reports will be prepared in accordance with the instructions in Attachment A.

10. Reports on savings and reserves. The law requires that the savings resulting from the operation of these employment limitations be identified and reserved from use. Such savings will comprise the direct personnel compensation that would otherwise be paid employees (including overtime, premium pay, etc.) and the related expenses (including such personnel benefits as the employer's share of retirement premiums, Government contributions for employee life insurance premiums, and other payments which are based on the number of employees or the amounts of their salaries) less any overtime costs made necessary by the employment limitations required by P.L. 90-364.



Apportionment and reapportionment requests should be initiated by the agency, as appropriate, to place in reserve savings resulting from employment limitations. These savings will be part of the reserves for savings established under Public Law 90-364 in accordance with the provisions of Bulletin No. 68-16. Total reserves established for any account pursuant to P.L. 90-364 must be at least as large as the savings under section 201. If at the end of any quarter, such savings exceed the reserves previously established, a reapportionment form must be submitted to increase the amount reserved. Cumulative net savings resulting from section 201 should be identified in a footnote on Standard Forms 133 and 143...

In addition, and in order that the reports prescribed by section 201 of Public Law 90-364 can be made to Congress, each executive agency will prepare and submit to the Bureau of the Budget special reports on savings resulting from employment limitations. These reports will be prepared in accordance with the instructions in Attachment B.

11. Previous employment ceilings. In view of the provisions of section 201 of Public Law 90-364 and this Bulletin, the employment ceilings established by the Bureau of the Budget for the end of the fiscal year 1969 are hereby rescinded.

The employment ceilings established for the end of the fiscal year 1968 remain in effect.

12. Special precautions. Contracting with firms and institutions for personal services will not be used to circumvent the employment restrictions imposed by section 201 of Public Law 90-364 and this Bulletin.

In carrying out the provisions of section 201 of Public Law 90-364, the reemployment rights of any person under section 9 of the Military Selective Service Act of 1967 or any other provision of law conferring reemployment rights upon persons who have performed active duty in the Armed Forces will not be superseded or modified.

CHARLES J. ZWICK  
Director

Attachments

ATTACHMENT A  
Bulletin No. 68-15

# INSTRUCTIONS FOR PREPARING SPECIAL REPORT ON EMPLOYMENT

Each executive agency will prepare a report monthly in the form illustrated in Exhibit A. It will be prepared concurrently and in conjunction with the Standard Form 113A report furnished to the Civil Service Commission. Employment data in these two reports must agree. Two copies of the Special Report on Employment will be sent to the Bureau of the Budget and one copy to the Civil Service Commission at the same time as the regular Standard Form 113A report is due to be sent to the Commission (i.e., the 15th of the following month).

## Section A - Full-time employment in permanent positions (excluding Presidential appointees)

This section (lines 1-6) covers full-time employment in permanent positions as defined in Bureau of the Budget Circular No. A-64 and for line 9 of the Civil Service Commission Standard Form 113A report, excluding Presidential appointees requiring confirmation by the Senate.

For the initial report for July 1968, entries are required only in column (b) of this section. Thereafter, entries will be made, as indicated, in both columns (a) and (b).

- Line 1 - Enter in column (b) the actual employment at the start of the control period. The June 30, 1968, employment reported to the Civil Service Commission on line 9 of Standard Form 113A, excluding Presidential appointments requiring confirmation by the Senate, will be used for this entry. This base figure will remain the same on all subsequent reports.
- Line 2 - Enter in column (a) the actual employment as of the end of the month immediately preceding the month for which the report is prepared.
- Line 3 - Make entries for lines 3a, 3b, and 3c, (explained below) in columns (a) and (b); these will cover separations due to retirement, resignation, removal or death. These will be minus entries and will exclude transfers to full-time permanent positions in other Federal agencies.

- Line 3a - Enter the separations occurring during the period when the agency is subject to the 75% replacement limitation.
- Line 3b - Enter the separations occurring during the period in which a replacement rate lower or higher than the 75% rate is prescribed by the Bureau of the Budget under the provisions of paragraph 6a of this Bulletin. Enter the prescribed rate in the stub.
- Line 3c - Enter the separations for the period subsequent to that applicable for line 3b during which a further modification of the replacement rate has been prescribed by the Bureau of the Budget. Enter the revised prescribed rate in the stub.
- Line 4 - Enter in columns (a) and (b) separations due to employees transferring to full-time permanent positions in other Federal agencies. These will be minus entries. Such separated employees may be replaced on a "1 for 1" basis.
- Line 5 - Enter in columns (a) and (b) accessions to the agency.
- Line 6 - Enter in each column the sum of the entries for lines 1 through 5. The sum for each column should be the same. This end-of-month employment should not exceed the maximum allowable employment reported on line 9.

Section B - Maximum allowable employment in full-time permanent positions (excluding Presidential appointees)

Entries are required only in column (b).

- Line 7a - Make entry pertaining to the replacement of separations occurring during the period the 75% replacement rule is in effect. The entry will be determined by deducting from the July 1 employment reported on line 1, 25% of the separations during the period reported on line 3a, column b.
- Line 7b - Enter in the stub the percentage of the separations reported on line 3b which are not replaceable (100% minus the replacement rate reported in the stub of line 3b). For example, if the replacement rate is changed to 70% for some agencies under

the provisions of paragraph 6a of this Bulletin, the entry on this line would be 30% (100%-70%). For agencies below their June 30, 1966, employment levels, and which are authorized to make full replacements (i.e., on a "1 for 1" basis), the entry would be 0% (100%-100%). Enter in column b the product of the percent in the stub of line 7b times the number of separations reported on line 3b, column b. This amount will be a minus (-) entry.

Line 7c - Enter in the stub the percentage of the separations reported on line 3c which are not replaceable (100% minus the replacement rate reported in the stub of line 3c). Enter in column b the product of the percent in the stub of line 7c times the number of separations reported on line 3c, column b. This amount will be a minus (-) entry.

Line 8 - Enter the net number (+ or -) of vacancies in full-time permanent positions reassigned to or from the reporting agency by the Bureau of the Budget.

Line 9 - Enter the maximum allowable full-time employment in permanent positions for the agency, the sum of lines 7a, 7b, 7c and 8.

Section C - Temporary and part-time employment (excluding disadvantaged summer youth)

This section identifies the numbers of temporary and part-time employees subject to the limitations of Public Law 90- . Entries are required only in column (a) for line 10 and in column (b) for lines 11, 12, and 13.

Line 10 - Enter the temporary and part-time employment as of the end of the month, excluding the disadvantaged summer youth reported on line 15, below.

Line 11 - Enter the temporary and part-time employment as of the end of the corresponding month of calendar year 1967, excluding disadvantaged summer youth and as adjusted for reorganizations and transfers of functions. The numbers reported should be the same as those furnished to each agency by the Bureau of the Budget.

Line 12 - Enter the net number (+ or -) of vacancies in temporary or part-time positions reassigned to or from the reporting agency by the Bureau of the Budget.

Line 13 - Enter the maximum allowable temporary and part-time employment for the agency, the sum of lines 11 and 12.

Section D - Other employment

This section will present other employment reported in line 1 of the Standard Form 113A. Entries are required only in column (a).

Line 14 - Enter the number of full-time employees in permanent positions serving at the end of the month who were appointed by the President with the confirmation of the Senate.

Line 15 - Enter the number of youths serving as of the end of the month who were appointed under the President's program to provide summer employment for economically or educationally disadvantaged persons aged 16 through 21. This number will be the same as the "Total" entry in column (d) of Part IV of CSC Form 113D.

Line 16 - Enter the number of intermittent employees for the month as reported on line 11 of Standard Form 113A. ("Casual employment," referred to in Public Law 90-364, is considered as "intermittent employment" as defined in Circular No. A-64).

Section E - Total employment

Line 17 - Enter the sum of lines 6+10+14+15+16. This should be the same as the total employment at the end of the month reported to the Civil Service Commission on line 1 of Standard Form 113A.

## SPECIAL REPORT ON EMPLOYMENT

## DEPARTMENT OF GOVERNMENT

	August 1968 (a)	Cumulative Since June 30, 1968 (b)
<b>A. <u>Full-time Employment in Permanent Positions</u> (Excluding Presidential Appointees)</b>		
1. Employment, July 1, 1968 .....	xxx	10,000
2. Employment, end of previous month .....	9,975	xxx
3. Separations due to retirement, resignation, removal, or death:		
a. Period with 75% vacancy-filling rate.(-)...	-85	-163
b. Period with % vacancy-filling rate.(-)...	NA	NA
c. Period with % vacancy-filling rate.(-)...	NA	NA
4. Employees transferring to other agencies.(-)...	-25	-55
5. Accessions during period ...(+)	90	173
6. Employment, end of month .....	9,955	<u>9,955</u>
<b>B. <u>Maximum Allowable Full-time Employment in Permanent</u> <u>Positions (Excluding Presidential Appointees)</u></b>		
7. Based upon % replacement limitations:		
a. Employment, July 1, 1968 --(25% x line 3a).	xxx	9,960
b. % not replaceable x line 3b (-) .....	xxx	NA
c. % not replaceable x line 3c (-) .....	xxx	NA
8. Reassignments by Bureau of the Budget (+ or -).	xxx	--
9. Maximum allowable employment .....	xxx	<u>9,960</u>
<b>C. <u>Temporary and Part-time Employment (Excluding Dis-</u> <u>advantaged Summer Youth)</u></b>		
10. Employment, end of month .....	440	xxx
11. Employment same month, calendar 1967 .....	xxx	(455)
12. Reassignments by Bureau of the Budget (+ or -).	xxx	--
13. Maximum allowable employment .....	xxx	<u>(455)</u>
<b>D. <u>Other Employment</u></b>		
14. Presidential appointees (full-time permanent) .	12	xxx
15. Disadvantaged summer youth .....	189	xxx
16. Intermittent .....	98	xxx
<b>E. <u>Total Employment</u></b>		
17. End of month (same as on SF 113A) .....	<u>10,694</u>	<u>xxx</u>

NA - Not applicable at this time.

ATTACHMENT B  
Bulletin No. 68-15

INSTRUCTIONS FOR PREPARING  
REPORT ON SAVINGS RESULTING FROM  
LIMITATIONS ON EMPLOYMENT

Each executive agency will prepare a report quarterly in the form illustrated in Exhibit B. Four copies will be submitted to the Bureau of the Budget at the same time as the corresponding Special Report on Employment (Exhibit A) for the last month of each quarter. The entries for this report will be cumulative for the fiscal year covered.

Lines 1 through 8 deal only with data for employment of the reporting agency (i.e., these lines exclude data for employment in other agencies which may be funded by allocations from the reporting agency).

Specific instructions for the line entries follow.

- Line 1 - Enter the estimated man-years funded by regular appropriation acts enacted for 1969 or by pending appropriations which have not been enacted at the time the report is prepared (using the agency's best estimate of the final appropriation). Also include estimated man-years funded by allocations from other agencies, and revenues and reimbursements to be received and available during the year. Exclude the man-year value of overtime.
- Line 2 - Show the man-years likely to occur on the basis of experience with employment to date. Do not project further reductions in man-years likely to occur as a result of additional vacancies arising in the rest of the year. Exclude the man-year value of overtime.
- Line 3 - Enter line 1 minus line 2.
- Line 4 - Enter the average savings per man-year for the man-years reported on line 3. This will be calculated on the basis of pay scales (and the related expenses) on which the appropriation acts were based. The calculations should conform to the instructions in paragraph 10 of the Bulletin.

- Line 5 - Enter line 3 times line 4.
- Line 6 - Enter estimates of the extra overtime costs made necessary because the number of employees is less than would have been the case without the employment limitations. The figure used should be subject to substantiation. Do not project extra overtime likely to occur as a result of additional vacancies arising in the rest of the year.
- Line 7 - Enter line 5 minus line 6.
- Line 8 - Enter the estimated net savings (included in line 7) which is in employment financed through allocations from other agencies. This will be a minus (-) entry. This net dollar savings will be reported to the allocating agency in order that such savings may be included in line 9 of the corresponding report of that agency.
- Line 9 - Enter the net savings in allocations to other agencies expected to result from employment reductions in other agencies as a consequence of the employment limitations of P.L. 90-364. The entry will be the total of the net savings reported to the "parent" (funding) agency by agencies receiving allocations (see line 8 instructions).
- Line 10 - Enter the total of lines 7, 8, and 9.
- Line 11 - Enter only the reserves officially established in the apportionment process pursuant to Bureau of the Budget Circular No. A-34 or under the provisions of Bulletin No. 68-16, dealing with the limitations on budget authority and outlays for fiscal year 1969.
- Line 12 - Enter savings for which reapportionments to establish additional reserves are in process.



EXHIBIT B  
Bulletin No. 68-15

REPORT ON SAVINGS  
RESULTING FROM LIMITATIONS ON EMPLOYMENT

DEPARTMENT OF GOVERNMENT  
As of September, 1968

(Dollars in Thousands)

1. Man-years funded by available funds .....	10,900
2. Man-years as now estimated .....	<u>10,395</u>
3. Savings in man-years (line 1 minus line 2) ..	505
4. Average savings per man-year ( <u>not</u> in thousands) \$	<u>8,075</u>
5. Estimated savings in annual costs for employment of the agency (line 3 times line 4) .....	\$ 4,078
6. Offsetting overtime added costs .....	\$ <u>715</u>
7. Estimated net savings in annual costs for employment of the agency (line 5 minus line 6) .....	\$ 3,363
8. Estimated net savings (included in line 7) on employment financed by allocations received (-) .....	\$ -250
9. Additional savings from employment reduc- tions by other agencies on allocations to them .....	\$ <u>185</u>
10. Total estimated net savings in costs to agency funds for fiscal year (total of lines 7, 8, and 9) .....	\$ <u>3,298</u>
11. Savings which are in reserve .....	\$ 2,950
12. Additional reserves to be established .....	\$ <u>348</u>

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-13

May 22, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Information on agency financial management improvement efforts

1. Purpose. This Bulletin requires each agency to submit data on its financial management improvement activities during fiscal year 1968. The requested information will be used in a Joint Financial Management Improvement Program review of the status of agency systems and current improvement efforts.

2. Recent developments. Of particular pertinence this year is the impact of the recommendations of the President's Commission on Budget Concepts, as presented in the Commission's report of October 10, 1967. Among other things, that report proposed that (a) the receipts and expenditures of the Federal Government be reflected in the President's budget on the accrual basis; (b) the monthly reports of the Treasury Department be placed on the same basis as the budget; (c) such use of data be tested beginning with fiscal year 1969, and the 1971 budget be on the new basis; (d) the development and refinement of agency cost accounts be continued; and (e) program costs continue to be used for formulation and execution of the budget and for internal management of agency operations. In December 1967, the President accepted the Commission recommendations on concepts of the annual budget, and directed that they be implemented as soon as practicable.

Pursuant to these developments, the three central financial agencies have been cooperating in a joint effort toward effective implementation of the Commission proposals. The Bureau of the Budget, for example, modified the overall presentation of the 1969 budget, and is undertaking further changes in preparation for the 1970 budget. Transmittal Memorandum No. 31 amended Circular No. A-11 on December 18, 1967, and Bulletin No. 68-10 was issued April 26, 1968, to provide guidance for application of the new concepts; Circular Nos. A-11 and A-34 currently are being revised for the same purpose. In addition, Bulletin No. 68-9, dated April 12, 1968, contained revised requirements for agency PPB systems. The General Accounting Office, on May 4, 1968, released a recommendation on this subject to all agency heads. This release clarified existing accounting principles and standards in relation to the Budget Concepts Commission recommendations, as a forerunner to amendment of the GAO Manual on this subject. The Treasury Department is revamping its monthly reporting requirements, and shortly will issue revised instructions for this purpose.

The recommendations of the President's Commission on Budget Concepts, and the followon efforts toward implementation of those proposals are consistent with the objectives, principles, and concepts long sought under the Joint Financial Management Improvement Program. Agency reports under this Bulletin should appropriately reflect actions being taken or planned in accordance with the directives identified above.

3. Reporting requirements. The information required under this Bulletin is identified in Attachment A. The instructions call for data on significant accomplishments during fiscal year 1968, the status of agency budget and accounting systems improvement work as of June 30, 1968, and plans for future improvements. An original and five copies of the report are to be furnished the Bureau of the Budget not later than June 30, 1968. This reporting date, which is earlier than last year's, is for the purpose of enabling the annual report of the Joint Program to be published more promptly. The General Accounting Office and the Treasury Department will participate in the review of the agency reports.

CHARLES J. ZWICK  
Director

Attachment

## REPORTING INSTRUCTIONS AND GUIDELINES

1. Coverage. All executive agencies are to submit reports in response to this Bulletin.
2. Content of required reports. Agencies are to present the material in two sections--Part A, Accomplishments and Future Plans, and Part B, Status Information--as shown in Exhibit 1. The content of each part is to be developed according to the guidelines set forth below.

### Part A, Accomplishments and Future Plans

a. This section of the report is to provide clear and concise narrative statements on significant accomplishments and future plans. Such statements should be reported for the agency or department as a whole or, if it is more meaningful, in terms of major components or the tabular line items used in Part B.

b. Statements should be provided on financial management improvements completed during fiscal year 1968, emphasizing the management benefits derived. Improvements installed during prior fiscal years, properly identified as such, should also be included if the operating and managerial gains resulting from the change began to be realized substantially during fiscal year 1968. In reporting on specific achievements, emphasis should be placed on those accomplishments that resulted in major savings or other benefits.

c. To provide for effective presentation of accomplishments in the annual report of the Joint Program for fiscal year 1968, the narrative statement of improvements in agency submissions should be accompanied by illustrations wherever practicable--employing graphs, charts, photographs, etc., that will demonstrate pictorially the nature and significance of the improvements.

d. The requested information should be set forth in a brief narrative description of significant improvements and the results obtained, together with a preliminary outline of any proposed illustrations. Agencies may wish to consult with General Accounting Office or Bureau of the Budget staff on questions concerning improvements to be reported and proposed illustrations. To facilitate development of the Joint Program report, agency submissions should be classified under broad functional headings such as financial organization, budgeting, accounting, reporting, and internal audit. Changes involving mechanization or automation should be included in the functional area most directly involved, or may be set forth in a separate section on automation.

e. To provide for clear understanding of the agency's modernization program, reports of accomplishments should be accompanied by future plans for needed improvements. Each planned improvement should be appropriately related to other information furnished in the report, and should include a realistic target date for completion.

f. Several areas of improvement action should be covered in the reports of all agencies in which identified objectives of the Joint Financial Management Improvement Program have not been fully attained. These include:

- Adoption of cost-based budgeting practices for presentation of budget requests.
- Actions taken or planned toward effective use of responsibility centered cost-based operating budgets and related reports that will measure performance and permit comparison with approved plans for purposes of promoting efficiency and cost reduction.
- Synchronization of classifications for programming, budgeting, accounting, reporting, and control in order to permit use of an integrated management system for conduct of agency operations. For agencies in which planning-programming-budgeting systems are required, the reports should identify the progress being made in coordinating that effort with the financial management improvement program. The objectives of such coordination should be to assure that the financial systems provide an accurate and reliable basis for associating costs with program elements and budget classifications, and that the data demands of the PPB system are satisfied within the framework of a unified management system in the agency. Specifically, the reports should identify actions taken or planned in response to the Comptroller General's letter of April 4, 1967 (B-114365), which notified agency heads of an amendment of the prescribed accounting principles and standards to provide accounting support for the PPB program structure.
- Actions taken or planned toward effective installation of accrual accounting practices, and obtaining Comptroller General approval of agency accounting systems. It should be recognized that attainment of these objectives should not be deferred pending the full development of PPB systems.
- Actions taken or planned toward improvement of financial management for grant-in-aid programs, with particular reference to simplifying financial requirements imposed on grantees (while still retaining effective control and accountability); and arrangements for improved coordination and efficient accomplishment of Federal audit objectives in such programs, as called for in Bureau of the Budget Circular No. A-73.
- Application of statistical sampling techniques to financial operations, with specific identification of actions taken or planned toward use of such techniques in the administrative examination of vouchers.

- Improvements in cash management, covering particularly the use of letters of credit or other methods of reducing cash balances held by contractors, States, international institutions, foreign governments, or other recipients of grants or contributions.
- Actions taken or planned in the recruitment and training of financial personnel in order to permit development and effective operation of a financial management system that conforms to requirements and satisfies the needs of management.

### Part B, Status Information

g. This section of the report is to identify the status of agency efforts toward modernization of budget and accounting systems in relation to the provisions of the Budget and Accounting Procedures Act of 1950, as amended by Public Law 84-863. The central agencies under the Joint Financial Management Improvement Program have urged operating agencies to attain these goals as quickly as possible so as to provide better service to management and to promote more effective conduct of program operations. The House Government Operations Committee, in a series of hearings, has reemphasized the congressional interest in more rapid implementation of legal requirements in agency financial management systems.

h. For each agency in which those requirements have not been met, the status tabulation will provide firm target dates that reflect positive plans for full compliance, and represent a realistic commitment by the agency to attain the desired objectives within the specified time period. In this connection, any postponement of target dates from those reported in last year's report of status will be explained in Part B--under "Remarks"--including the reasons for the slippage in schedule, and the action being taken to avoid similar problems with respect to the new target date. Footnotes without target dates, and entries such as "Indefinite" or "Not Planned" will not be sufficient.

i. The status tabulation in Exhibit 1 is to be completed by each agency as of June 30, 1968. However, if an agency as a whole has attained the required objectives and its accounting system has been approved by the Comptroller General, the tabular form of report need not be employed. Instead, reporting under Part B can be complied with by use of the narrative statement: "Installation of accrual accounting and cost-based budgeting practices completed; accounting system approved by Comptroller General (insert date of approval)."

j. For those agencies using the tabular form of report, column (a) is to identify the organization and/or accounting entity for which information is submitted. For this year's report, the tabulation in each agency's submission is to reflect the stub entries used for the agency in the Appendix of the published Annual Report of the Joint Financial Management Improvement Program for Fiscal Year 1967. The

entries are to cover both complete systems and segments of systems. If any adjustments in the stub entries of the published tabulation are warranted by reorganizations or other changes, the agency should contact General Accounting Office representatives to work out a mutually agreeable stub column for its tabulation.

k. Columns (b) and (c) will identify the status of approval of agency accounting systems by the Comptroller General.

(1) Column (b) will identify by appropriate language and by date (month and year) whether the underlying principles and standards have been officially approved, or formally submitted for approval, or scheduled for future submission.

(2) Column (c) will identify by appropriate language and by date (month and year) the status of the detailed accounting system in operation similar to that prescribed for entry in column (b).

(3) Some agencies obtained approval of accounting systems or made formal submission of systems in one step prior to July 1, 1967, when the two-step approval procedure was prescribed by the Comptroller General. In these instances, the status of systems will be entered in column (c).

(4) Where previously submitted systems have been withdrawn by an agency or returned as unapproved by the Comptroller General, the entries in columns (b) and (c) will reflect, as appropriate, the new target dates for submission of the systems.

(5) For accounting systems not legally subject to approval by the Comptroller General, the entry "Not applicable" will be shown.

1. The last two columns are to reflect the status of cost-based budgeting. Column (d) is to show "Complete" if the agency has adopted internal cost-based budget procedures and uses operating budgets and related reports for planning and control of the costs of operations on a current basis throughout the year. Otherwise, the column should show the target date (month and year) for completing such action. "Complete" is to be used in column (e) where all appropriations of the agency were printed on a cost basis in the 1969 Budget Appendix. Otherwise, that column should show as a target date the fiscal year budget in which the agency plans to convert to a cost-based presentation for all appropriations. The entry "Partial" is to be shown, along with a target date, if cost-based presentations were printed for some appropriations in the 1969 Budget Appendix, but not for all.

m. The "Remarks" section of Part B is to provide any necessary explanations of the tabular entries. Such explanations should be identified, as appropriate, with the line items in the tabulation. The tabular entries and the supporting remarks should indicate clearly the degree to which each organization has progressed in developing its financial management system to meet the requirements of the Budget and Accounting Procedures Act of 1950, as amended.



Financial Management Improvement Program  
Agency Report as of June 30, 1968

Agency \_\_\_\_\_  
Date \_\_\_\_\_

Part A - Accomplishments and Future Plans

Part B - Status Information

Organization and/or Accounting Entity	Accounting System Approval		Cost-Based Budgeting	
	Principles and Standards	Accounting System Documentation	Used Internally	Budget Presentation
(a)	(b)	(c)	(d)	(e)

Remarks:

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-12

May 17, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Use of excess and near-excess foreign  
currencies for travel

1. Purpose. This Bulletin (a) transmits a revised Bureau of the Budget leaflet, "Instructions to Travelers on the Use of Foreign Currencies" which replaces the issuance dated August 1966, and (b) gives further guidance on maximizing the use for travel purposes of excess and near-excess foreign currencies owned by the United States.

2. Background and use of leaflet. A survey by the General Accounting Office, completed in March 1967, indicates that many Government travelers were not utilizing excess or near-excess foreign currencies. On several previous occasions material has been issued stressing the importance of maximizing use of these currencies.

As specified in Bureau of the Budget Circular No. A-58, excess and near-excess foreign currencies are to be used in preference to dollars wherever possible. Authorized uses generally cover the payment of travel, transportation, per diem and related expenses of employees, uniformed personnel, grantees, employees of contractors, and others whose travel is on official Government business or is financed by the Government. This includes authorized travel of dependents.

The attached leaflet is to be provided to individuals on official Government business traveling to, from, or through excess or near-excess foreign currency countries. It should be distributed to travelers prior to the time foreign travel arrangements are made. A previous leaflet, issued in September 1966, was not widely distributed. Heads of all departments and establishments should take positive action to assure distribution of the publication to all travelers destined for the designated countries.

The attachment provides only general guidance on this subject. It does not include specific information on the details of approved uses of excess and near-excess foreign currencies for transportation and related services, which vary from country to country. Accordingly, each agency should also arrange for

each traveler to have ready access to the pertinent information on this subject--such as that included in the Foreign Currency Bulletins issued by the Department of State.

3. Distribution. Agencies may obtain a supply of the attached leaflet from the Bureau of the Budget Publications Office (Code 103, ext. 4660).

PHILLIP S. HUGHES  
Acting Director

Attachment

# How to Conserve U.S. DOLLARS when Traveling Abroad at Government Expense

**48,789,822**

*The United States of America*  
*Transportation Request*

NOT TRANSFERABLE  
PENALTY FOR FRAUDULENT USE  
DO NOT FOLD, SPINDLE OR MUTILATE

CLASS SERVICE IS TO BE FURNISHED SPECIFY  
TO BE SEAT, ETC. *accommodations*  
*with accommodations*

*4/12 1968*  
*1/1 1968*

*Secretary*  
*PEES*

*ton, D.C.*

# *You* have just been handed your **TRAVEL AUTHORIZATION**

NOW, ascertain whether you are going to  
an excess or near excess currency country.

The people who issued your travel orders  
will have available current information from  
the Bureau of the Budget listing these countries.

The list changes from time to time.

An excess or near-excess currency country  
is one in which the United States,  
for various reasons, has available a supply of  
local money larger than its anticipated needs.

This money, by mutual agreement, cannot  
be converted into hard currencies. Therefore,  
if travelers on U.S. Government business  
would utilize this local money, it would go a  
measurable way toward relieving the pressure  
on our balance of payments.

There are a few simple steps you must take  
to ensure that your travels are financed  
whenever possible by these excess foreign currencies.

This applies to your transportation,  
and to your expenses after your arrival.

Paid after 4/24 1968		BILL TO DEPARTMENT OF GOVERNMENT c/o AMERICAN EMBASSY, NEW DELHI, INDIA		CARRIER'S BILL FORM NO. 1001 NUMBER 0106		TRAVEL AMOUNT \$0.00		ACCOMMODATION AMOUNT \$0.00		TOTAL \$8,789.822	
The Air Line		Embassy is requested		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
to furnish Jet/Economy class air transportation at lowest rate from		Washington, D.C.		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
to New Delhi, India and return		direct route		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
(IF ROUND TRIP SERVICE REQUIRED WRITE "AND RETURN")		(SHOW CARRIERS AND JUNCTION POINTS AND WHERE MIXED CLASS SERVICE IS TO BE FURNISHED SPECIFY)		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
for use of John Q. Doe		and 0 others with		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
to transport not over 10 days of service together from		(IF ROUND TRIP SERVICE REQUIRED WRITE "AND RETURN")		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
I CERTIFY THAT I HAVE RECEIVED THE TRANSPORTATION SERVICE ON TICKETS REQUESTED EXCEPT AS STATED ON REVERSE SIDE.		Washington, D.C.		4/12 1968		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT	
TRAVELER'S SIGNATURE		ISSUING OFFICER'S SIGNATURE		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
TITLE		FISCAL DATA (APPROPRIATION, AUTHORIZATION, ETC.)		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
FOR CARRIERS USE ONLY		Travel order 68-14, April 10, 1968		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
TICKET FORM NUMBERS		Appropriation: 2581168		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
AGENT'S VALUE		Office of the Secretary		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
TRANSP. ACCOMMOD.		TO BE PAID IN INDIAN RUPEES		CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
AUDITOR'S VALUE				CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
TRANSP. ACCOMMOD.				CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	
TOTALS				CARRIER'S CODE		BILL NUMBER		TRAVEL AMOUNT		ACCOMMODATION AMOUNT	

The United States of America  
Embassy Request  
NOT TRANSFERABLE  
PENALTY FOR FRAUDULENT USE  
DO NOT FOLD, SPINDLE OR MUTILATE

**1** take a hard look at the facsimile Government Transportation Request (GTR) on the opposite page. There are two items here of primary interest. At top left, where there appear the printed words: "BILL TO," you must write in not only the name of the agency paying your expenses, but give as its address the American Embassy in your destination excess currency country. The facsimile shows how you would fill in the GTR if you were going to India, which is high on the list of excess currency countries. In the lower right hand portion, you must state clearly, "TO BE PAID IN INDIAN RUPEES." This will take care of utilizing excess foreign currencies for your primary transportation. If you fail to specify the foreign currency, the airline will later demand payment from the Government in dollars.

**2** and this pertains only to travelers who start their journey from a city in the United States not served by the airline that is to fly them to their destination abroad. Use a separate GTR for the portion of the trip that takes you to the connecting terminal in the United States. When you arrive at that terminal, use a second GTR for the trip to your foreign destination, and fill out this GTR as explained earlier, indicating the appropriate foreign currency and the American Embassy to which the bill should be sent.

**3** here's what you should do once you arrive at your destination. Head for the American Embassy at the earliest opportunity. It is there that you should obtain the local currency you will need during your stay. That way, your dollars remain with the United States Government and do not increase the balance of payments deficit. Furthermore, you will be helping your country by using currencies which the United States owns but by agreement can expend for limited purposes only.

Remember, all this is necessary only if you have ascertained that the country to which you are going is on the Bureau of the Budget's list for excess or near excess currencies.

"I want everyone who travels at Government  
expense to use excess and near-excess for-  
eign currencies wherever possible."

A handwritten signature in black ink, appearing to read "Lyndon B. Johnson". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.





**EXECUTIVE OFFICE OF THE PRESIDENT**  
**BUREAU OF THE BUDGET / MAY 1968**

2 August 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Bulletin 68-11

1. Talked to John Hurley today and reminded him that we needed to discuss whether CIA response to BOB Bulletin 68-11 was required.

2. After brief discussion of purpose of the Bulletin (to gather compensation data on Federal pay systems to assist comparison of Federal versus non-Federal sector), Hurley said no response from us was necessary.

STAT

Chief, CS Activities Branch  
O/PPB

Orig - D/PPB - CCS for file  
1 - BD Chrono  
1 - CSAB  
1 - PPB Reading

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-11.

May 14, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Man-year and cost reports for Federal pay systems

1. Purpose. The purpose of this Bulletin is to obtain data on all compensation costs involved in each of the Federal pay systems. Compensation data so provided will be comparable with the data available from the non-Federal sector and will aid in developing improved estimates of pay costs including related fringe benefits.

2. Background. The adoption by the Executive Branch of the policy of comparability with the non-Federal sector involves the consideration of total compensation as the yardstick for comparison. Direct salary costs for the components of each pay system are not sufficient to permit adequate comparison since compensation involves not only pay but costs of related fringe benefits. This Bulletin provides for the reporting of personnel compensation and related man-year data for each major pay system on an interim basis pending the modification of other reporting systems to incorporate these requirements.

3. Material to be submitted. Reports in the form of Exhibits A and B will be prepared in accordance with the instructions attached. The information will cover actual data for fiscal year 1968 and may be submitted for the agency as a whole or for individual bureaus or comparable organizational units, at the option of the agency.

An original and one copy of each report will be required not later than September 1, 1968.

The reports must be reasonably accurate and compiled from the records of the agency. When precise data on the distribution between pay systems are not available, however, reasonable approximations may be used.

Agencies having computer capabilities are encouraged to provide the data for these reports in the form of input to the Bureau's computer operation. Mr. George Brown (Code 103, ext. 3361) should be contacted concerning the details of the Bureau's computer requirements.

4. Interpretations. Questions concerning the general interpretation of this Bulletin should be addressed to Mr. David McAfee (Code 103, ext. 3848).

PHILLIP S. HUGHES  
Acting Director

Attachments

ATTACHMENT A  
Bulletin No. 68-11

INSTRUCTIONS FOR PREPARATION OF MAN-YEAR AND COST REPORT  
BY PAY SYSTEM, FISCAL YEAR 1968

A separate report in the form of Exhibit A will be prepared for each applicable pay system category listed in Attachment C to this Bulletin.

All transactions reported in object classes 11 and 12 as defined by Bureau of the Budget Circular No. A-12, and all employment reported to the Civil Service Commission, regardless of the source of funding, will be included in these reports, with the following exceptions:

1. Data for pay systems for the uniformed services as defined in 37 U.S.C. 101(3) (Army, Navy, Air Force, Marine Corps, Coast Guard, Environmental Science Services Administration and Public Health Service) will not be required.
2. "Special personal service payments," which do not represent salaries or wages paid directly to Federal employees, will be excluded from all reports.
3. Data for District of Columbia employees will not be included in these reports.
4. Severance pay, a part of object class 13, will be reported as shown on Exhibit A.

The heading on each report will identify the name of the report, the organizational unit covered, the organizational code for that unit as found in Bureau of the Budget Circular No. A-11, and the pay system category description and related category code as found in section A of Attachment C to this Bulletin.

In addition, if there is more than one administrative pay system covered in the report (Exhibit A) for either pay system category 8 or 9 (as coded in Attachment C), each pay system will be identified at the bottom of the report, along with the number of the Public Law which authorizes the use of such a pay system and the total man-years and costs attributable to that pay system.

The following code numbers and entries will be shown on each report (Exhibit A), except that the detailed entries for

code numbers 201 through 208 and 401 through 409 will be required only for the Classification Act, Postal Field Service, Foreign Service, and Veterans Administration pay systems:

Code 100. Basic pay (total) - Man-years and costs for basic pay. Entries will be the aggregate of:

Code 101. Full-time permanent employment - Man-years will equal the difference between "Average number of all employees" and "Full-time equivalent of other positions," as required for the personnel summary budget schedules. Costs should be based on object class 11.1 entries for the object classification schedules. The data will include the full-time equivalent and cost of terminal leave.

Code 102. Temporary employment - Entries will represent the full-time equivalent and related costs for temporary employment, notwithstanding the fact that the budget submission does not require these data by pay systems.

Code 103. Part-time and intermittent employment - Entries will represent the full-time equivalent and related costs for part-time and intermittent employment.

The sum of the man-years for codes 102 and 103 will equal the "Full-time equivalent of other positions," as defined for the personnel summary budget schedules. The sum of the costs for codes 102 and 103 will be based on object class 11.3 entries for the object classification schedules.

Code 200. Premium pay - The aggregate total costs and applicable man-years of the following:

Code 201. Overtime - Overtime man-years and costs for services in excess of the 40-hour week or 8-hour day.

Code 202. Holiday pay - Man-years and costs for services of 8 hours or less on holidays.

Code 203. Sunday pay - Costs above the basic rate for 8 hours or less of regularly scheduled work on Sundays for which this premium pay is given.

Code 204. Nightwork differential - Costs above the basic rate for nightwork which is not subject to overtime pay or Sunday pay.

Code 205. Hazardous duty pay - Costs above the basic rate because of assignments involving hazardous duty.

Code 206. Overseas differential - Costs above the basic rate of pay because of overseas differentials which have been included in object class 11.

Code 207. Cost-of-living allowance - Costs above the basic rate of pay because of cost-of-living allowances.

Code 208. All other - Any other premium pay included in object class 11 and which is above the basic rate or in addition to regular pay.

Code 300. Gross pay - The aggregate totals of code 100 for basic pay, and code 200 for premium pay, covering both man-years and costs.

Code 400. Benefits - The aggregate total costs of the following:

Code 401. Health insurance

Code 402. Life insurance

Code 403. Retirement

Code 404. Federal Insurance Contributions Act  
Taxes (OASDHI)

Code 405. Uniform allowances

Code 406. Suggestion and superior performance awards

Code 407. Federal Employees Compensation Act

(payments to the Department of Labor)

Code 408. Overseas allowances not included in object  
class 11

Code 409. Other benefits included in object class 12

Amounts for codes 401-404 will represent only the employer's contribution.

Code 500. Severance pay - Costs for payments to involuntarily separated employees. (See Bureau of the Budget Circular No. A-11).

Code 600. Total - Aggregate of code 300 for gross pay, code 400 for benefits, and code 500 for severance pay, covering both man-years and costs.

EXHIBIT A  
Bulletin No. 68-11DEPARTMENT OF GOVERNMENT  
MAN-YEAR AND COST REPORT, FISCAL YEAR 1968Organizational code: 16-00  
Pay system category: Classification Act  
Pay system category code: 1

Code	Item	Man-years	Costs (thousands)
<u>100</u>	<u>Basic pay</u> .....	4,906	\$ 43,053
101	Full-time permanent employment	4,678	41,953
102	Temporary employment .....	135	690
103	Part-time and intermittent employment .....	93	410
<u>200</u>	<u>Premium pay</u> .....	326	2,701
201	Overtime .....	317	2,623
202	Holiday pay .....	9	35
203	Sunday pay .....	xx	15
204	Nightwork differential .....	xx	9
205	Hazardous duty pay .....	xx	14
206	Overseas differential .....	xx	2
207	Cost-of-living allowance ...	xx	2
208	All other .....	xx	1
<u>300</u>	<u>Gross pay (Total of codes 100 and 200)</u> .....	5,232	45,754
<u>400</u>	<u>Benefits</u> .....	xx	3,174
401	Health insurance .....	xx	265
402	Life insurance .....	xx	201
403	Retirement .....	xx	2,604
404	Federal Insurance Contri- butions Act taxes (OASDHI)	xx	65
405	Uniform allowances .....	xx	4
406	Suggestion and superior performance awards .....	xx	2
407	Federal Employees Compensa- tion Act .....	xx	8
408	Overseas allowances not included in object class 11	xx	6
409	Other benefits included in object class 12 .....	xx	19
<u>500</u>	<u>Severance pay</u> .....	xx	2
<u>600</u>	<u>Total (Total of codes 300, 400 and 500)</u> .....	5,232	48,930



ATTACHMENT B  
Bulletin No. 68-11

INSTRUCTIONS FOR PREPARATION OF DETAILED FULL-TIME PERMANENT  
MAN-YEAR AND COST STATEMENT BY PAY SYSTEM

Reports in the form of Exhibit B will be prepared to support entries on line 101 of the man-year and cost reports submitted for Classification Act, Postal Field Service, Foreign Service, and Veterans Administration pay systems. The reports will reflect actual full-time permanent man-years and related basic pay by level or by grade. Reports will not be required for wage boards, executive positions, foreign local pay systems administratively established, and other administrative pay systems (pay system category codes 5 through 9).

The heading on each report will identify the name of the report, the organizational unit covered, the organizational code for that unit as found in Bureau of the Budget Circular No. A-11, and the pay system category description and related category code as found in Attachment C to this Bulletin. Appropriate codes will be listed in the left-hand column corresponding to the grade number or level listed in section B of Attachment C.

EXHIBIT B  
Bulletin No. 68-11

DEPARTMENT OF GOVERNMENT  
FULL-TIME PERMANENT MAN-YEAR  
AND COST STATEMENT BY PAY SYSTEM  
Fiscal Year 1968

Organizational code: 16-00  
Pay system category: Classification Act  
Pay system category code: 1

<u>Code</u>	<u>Grade</u>	<u>Man-years</u>	<u>Cost (thousands)</u>
1001	GS-1	4	\$ 17
1002	GS-2	236	1,066
1003	GS-3	698	3,429
1004	GS-4	552	3,032
1005	GS-5	434	2,657
1006	GS-6	83	560
1007	GS-7	305	2,260
1008	GS-8	38	309
1009	GS-9	455	4,032
1010	GS-10	58	563
1011	GS-11	821	8,721
1012	GS-12	359	4,526
1013	GS-13	324	4,814
1014	GS-14	168	2,927
1015	GS-15	103	2,085
1016	GS-16	29	669
1017	GS-17	7	178
1018	GS-18	<u>4</u>	<u>108</u>
1999	(Total)	4,678	\$41,953

ATTACHMENT C  
Bulletin No. 68-11

## CODES FOR PERSONNEL REPORTING SYSTEM

## A - Pay System Category Codes:

<u>Code</u>	<u>Identification</u>
1	Classification Act General Schedule
2	Postal Field Service Schedule (includes Rural Carrier and Fourth-Class Office Schedules)
3	Foreign Service Officers (including Foreign Service Reserve) and Foreign Service Staff Schedules*
4	VA Department of Medicine and Surgery Salary Schedules
5	Executive Pay Act*
6	Wage Boards
7	Foreign Local Pay Systems
8	Administrative systems (or individual positions) which correspond to the General Schedule pay system or react to changes in the General Schedule pay system
9	Other administrative systems (or individual positions)

B - Full-Time Permanent Man-Year and Cost Report (Exhibit B)  
Codes

## 1 - Classification Act General Schedule

<u>Code</u>	<u>Identification</u>
1001	GS - 1
1002	GS - 2
1003	GS - 3
1004	GS - 4
1005	GS - 5
1006	GS - 6
1007	GS - 7

\*Career ministers, Career ambassadors, and Chiefs of mission should be reported in pay system category 5, Executive Pay Act.

<u>Code</u>	<u>Identification</u>
1008	GS - 8
1009	GS - 9
1010	GS - 10
1011	GS - 11
1012	GS - 12
1013	GS - 13
1014	GS - 14
1015	GS - 15
1016	GS - 16
1017	GS - 17
1018	GS - 18
1999	Total (Codes 1001 through 1018)

2 - Postal Field Service Schedules (includes Rural Carrier and Fourth-Class Office Schedules)

<u>Code</u>	<u>Identification</u>
2001	PFS - 1
2002	PFS - 2
2003	PFS - 3
2004	PFS - 4
2005	PFS - 5
2006	PFS - 6
2007	PFS - 7
2008	PFS - 8
2009	PFS - 9
2010	PFS - 10
2011	PFS - 11
2012	PFS - 12
2013	PFS - 13
2014	PFS - 14
2015	PFS - 15
2016	PFS - 16
2017	PFS - 17
2018	PFS - 18
2019	PFS - 19
2020	PFS - 20
2021	Rural Carrier
2022	Fourth-Class Office
2999	Total (Codes 2001 through 2022)

3 - Foreign Service Officers (includes Foreign Service Reserve) and Foreign Service Staff Schedules

<u>Code</u>	<u>Identification</u>
3001	FSO - 1
3002	FSO - 2

<u>Code</u>	<u>Identification</u>
3003	FSO - 3
3004	FSO - 4
3005	FSO - 5
3006	FSO - 6
3007	FSO - 7
3008	FSO - 8
3501	FSS - 1
3502	FSS - 2
3503	FSS - 3
3504	FSS - 4
3505	FSS - 5
3506	FSS - 6
3507	FSS - 7
3508	FSS - 8
3509	FSS - 9
3510	FSS - 10
3999	Total (Codes 3001 through 3510)

## 4 - VA Department of Medicine and Surgery Salary Schedule

<u>Code</u>	<u>Identification</u>
<u>Section 4103 Schedule</u>	
4001	Assistant chief medical director
4002	Medical director
4003	Director of nursing service
4004	Director of chaplain service
4005	Chief pharmacist
4006	Chief dietician
<u>Physician and Dentist Schedule</u>	
4101	Director grade
4102	Executive grade
4103	Chief grade
4104	Senior grade
4105	Intermediate grade
4106	Full grade
4107	Associate grade
<u>Nurse Schedule</u>	
4201	Assistant director grade
4202	Chief grade

4203	Senior grade
4204	Intermediate grade
4205	Associate grade
4206	Full grade
4207	Junior grade
4999	Total (Codes 4001 through 4207)

Declassified in Part - Sanitized Copy Approved for Release 2013/07/18 : CIA-RDP06M00944R000200060001-9

1-0/Finance

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-10, Supplement No. 1

July 1, 1969

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: The accrual of revenues and expenditures

1. Background and purpose. Bulletin No. 68-10 of April 26, 1968, provided information and instructions to enable agencies to install or improve systems of accrual accounting, and to achieve operational readiness for bringing accrued expenditures and revenues into the central reporting system of the Treasury. The Bulletin was followed by the issuance of instructions consistent therewith by the General Accounting Office (Announcement of May 4, 1968, of amendments subsequently made by Transmittal Sheet No. 2-21 on July 22, 1968, to its "Policy and Procedures Manual") and the Treasury Department (Transmittal Letter No. 18 of June 20, 1968, to the "Treasury Fiscal Requirements Manual").

Paragraph 7 of Bulletin No. 68-10 indicated that temporary working groups were being established to consider ways of applying the accrual concepts in certain areas of common interest, and that the results of these explorations would be made known later.

On March 10, 1969, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, the Comptroller General of the United States, and the Director of the Bureau of the Budget joined in issuing a memorandum which provided further instructions and information (see attachment).

This Supplement to Bulletin No. 68-10 takes account of the studies mentioned above and provides a more formal supplementation to, and amendment of Bulletin No. 68-10. It also reaffirms the related policy of using cost-based budgets, made possible by accrual accounting systems.

2. Reaffirmation of objectives, concepts, and rules of application. The President has concluded that the accrual basis of stating revenues and expenditures in the budget and in the financial reports of the Government, as recommended in October 1967 by the President's Commission on



Budget Concepts, will be adopted and placed in effect in the Budget to be submitted in January 1971. Accordingly, the accrual concepts set forth in Bulletin No. 68-10, and the guidelines for their application therein provided, are specifically reaffirmed, subject to the additional instructions herein.

3. Action program and timing of conversion. While several agencies have carried out satisfactorily the provisions of Bulletin No. 68-10, the lack of readiness on the part of other agencies has made it impossible to hold to the original timetable for conversion. The original schedule had been premised on the establishment of reliable accrual data for the fiscal year 1969 for publication in the 1971 budget, and the action program set forth in Bulletin No. 68-10 was planned to fit with that timetable. For those agencies which have been participating in Treasury's "pilot" program of reporting on an accrual basis, this year's trial period gives extra experience on which to draw; such agencies should continue and further improve their accrual accounting and reporting in accordance with the announced instructions. The head of each other agency must arrange at once to carry out an action program on the following updated schedule:

a. Provide for a comprehensive and reliable "inventory" of accrued assets and liabilities (billed and unbilled) as of June 30, 1969, in accordance with the definitions and interpretations in Bulletin No. 68-10 and this Supplement. The results will be established in the accounts of the agency and will serve as a basis for reports to the Treasury.

b. Make accounting system adjustments, in accordance with General Accounting Office principles and standards, as needed to implement these instructions. The adoption of such changes in the accounting system should not be delayed for GAO approval, although they must be submitted to the General Accounting Office for final approval as required by law and regulations.

c. Take the necessary steps promptly to achieve timely compliance with Treasury's instructions on reporting accruals and related data, beginning with the date at which the balances are established under 3a. above.

d. Seek continuing improvements and efficiencies in the procedures for obtaining the accrual data, taking

advantage of accumulating experience, but without sacrifice of reliability of the data.

e. Assure that accrual data for both June 30, 1969, and June 30, 1970, are on a consistent basis, so that their use in concert with cash data will enable the establishment or the "proof" of reliable accrual data for the entire fiscal year 1970, for subsequent publication in the 1972 budget.

f. Make advance preparations for the use of accrual data in lieu of cash information (checks issued and collections) in the budget submissions which are due in September 1970. Advance guidance on the form of budget schedules for the future will be distributed shortly.

4. Modification and amplification of instructions. The instructions in Bulletin No. 68-10 on the methods of obtaining and using accrual data are modified and amplified as follows:

a. Paragraph 4 of Bulletin No. 68-10 established the rule that "monthly reports on an accrual basis should normally be obtained from major payees, where the amount accruing is dependent upon sums earned and the measurement thereof is basically in the hands of contractors, grantees, subcontractors, or subgrantees." It stated that "Estimating and statistical devices may be appropriate for determining accruals in those cases where such procedures will eliminate the need for getting special reports from a large number of payees with smaller contracts, grants, or other obligations from the Federal Government," subject to the further statement that a strong effort should be made to obtain direct reporting as of each year-end. Explanations and experience to date indicate a lack of readiness on the part of some payees to supply the necessary accrual information, particularly within required limits for recording and reporting by the agencies monthly. Therefore, the instructions of that paragraph are modified as follows:

(1) To the maximum extent feasible, agencies should rely on direct, periodic reporting on contracts and grants. Such direct reporting is preferably done by the payee, but it can be done instead by an agency representative having continual knowledge of the performance

under the contract or grant--for example, by an on-site Government representative at a contractor's plant.

(2) Where such direct reporting is found to be infeasible, estimating and statistical methods may be used by the agency, provided that the results obtained through the use of such methods are properly validated as frequently as necessary, but at least annually, by reference to data reported by contractors and grantees, and provided that the method employed is approved by the General Accounting Office (in consultation with the Treasury Department and the Bureau of the Budget). For these purposes, the point of reference for verification need not be limited to reports from contractors or grantees of current month's accruals; for example, it could also be based upon a retrospective review of amounts earned for performance, classified by month of performance as shown on claims for payments.

(3) In establishing systems for obtaining accrual data, agencies may appropriately distinguish between:

(a) Larger and smaller contracts (and grants). Direct reporting for the larger transactions and estimating and statistical methods for the smaller ones may often provide a workable combination of reliability of data and economy in procedures.

(b) Regular monthly recording and reporting, and year-end closing entries and final reports. Treasury reporting requirements provide for submission of final year-end reports to it some weeks after June 30, in contrast to the necessarily tight time schedule for reporting to Treasury shortly after the close of each month (including preliminary June 30 reports). The difference in time constraints may make direct reporting more feasible for fiscal year-end purposes, even though estimating and statistical methods may be necessary during the rest of the year.

b. Some clarification with respect to the responsibility of contractors and grantees may also be helpful in the establishment of an agency's accrual procedures. It is not intended that a contractor's or grantee's report of unbilled (accrued) performance will be as detailed or as precise as a claim for reimbursement or payment might be. The goal for these accrual reports is to achieve reasonable reliability, not exact precision. Therefore,

a contractor or grantee may use estimating and statistical methods, properly validated and supported, to determine accruals to be reported for subcontracts and subgrants.

c. While accrued expenditures and revenue information should be recorded at the level of the appropriation, fund, or receipt account, the need for promptness in monthly reports to the Treasury may make it necessary in some cases for data for the latest month to be distributed on an estimated basis, or to be reported on an undistributed basis. An estimated distribution is preferable to an undistributed figure, but the latter is permissible if the ground rules are worked out in cooperation with Treasury staff. However, all accrual data should be fully distributed by appropriation, fund, and receipt account by the time for preparation of the final reports for the year and the subsequent budget.

d. An appropriate accrual accounting system should not only provide for information on accrued revenues and expenditures, but also for data on applied costs, suitably integrated with total obligations for each appropriation or fund. Agencies which are not presently submitting cost-based budgets should plan to do so for the 1972 budget, and to use cost-based operating budgets (as required by Public Law No. 863, 84th Congress) in their internal financial management practices as soon as practicable.

5. Forms for common use. A basic form for periodic reporting of accruals on contracts, prepared cooperatively with several agencies, has been approved for use by eight civilian departments and agencies (BOB approval #80-R0178). This approval can be extended to other interested civilian agencies on application as prescribed for such approvals under Bureau of the Budget Circular No. A-40. Another form, intended for reporting the June 30, 1968, accrual balances, was also approved for use by this group of agencies; its approval has now expired, but agencies which were not ready then, but are interested now, may obtain copies of that form and consider applying for approval to revive it and update it for their needs, if desired (BOB approval #80-S68001).

A form for reporting of accruals on grants-in-aid has been devised by an interagency study team. This form has not yet been approved for use, but agencies interested in joining in an application for approval may make their interest known to the Bureau of the Budget, which will assist them in coordinating their activities along this line.

6. Further information. Inquiries relating to the subject of this Supplement may be addressed to Carl W. Tiller, Special Adviser on Budgetary Development, Bureau of the Budget (telephone 395-3744 or Government dial code 103 - 3744).

ROBERT P. MAYO  
Director

Attachment: Joint memorandum to the heads of departments and agencies, from the Secretary of the Treasury, Director of the Bureau of the Budget, Comptroller General of the United States, and Chairman of the Council of Economic Advisers, dated March 10, 1969.

COPY

SECRETARY OF THE TREASURY  
DIRECTOR OF THE BUREAU OF THE BUDGET  
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS  
COMPTROLLER GENERAL OF THE UNITED STATES

March 10, 1969

TO HEADS OF DEPARTMENTS AND AGENCIES

The President has reaffirmed the importance of going forward promptly with converting the budget and the companion financial reports of the Treasury to the accrual basis recommended by the President's Commission on Budget Concepts in October 1967. A copy of the President's directive on this subject is attached.

Some agencies have made significant progress in developing a readiness for this important change. However, it is now evident that much more remains to be done. Therefore, we cannot achieve the target date recommended by the Budget Commission to move to the accrual basis for estimates and prior year actual data in the President's budget to be submitted next January.

Accordingly, the President has decided that the changeover will be made effective with the budget for 1972 to be submitted in January 1971.

While slippage of one year from the original goal is a practical necessity, it highlights the need for more vigorous action now, in all agencies, to complete the changes necessary to meet the new timetable.

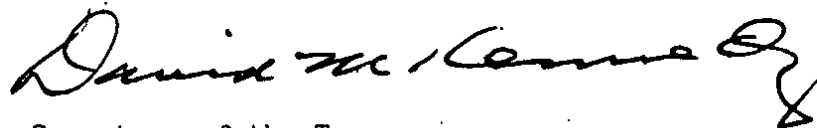
Staff of the three central financial agencies are working together and with the program agencies on this vital matter. Moreover, the Council of Economic Advisers also has an important stake in this change because of its role in analyzing the impact of the Federal sector in the national economy. Interagency study teams have been working on certain problem areas, and there will be further communications from the Budget Director on these matters as necessary. In the near future, the Treasury will be communicating with each agency on its compliance with the required monthly accrual reporting under the current fiscal year "test operation."

The special monthly reports presently required on the accrual basis must be of such stature, in substance and timeliness, as to enable the Treasury to conduct its central operations for the rest of the current fiscal year and extending through fiscal year 1970 as a comprehensive "pilot" system, producing everything needed for reporting Government-wide results on the accrual basis short of actually publishing the financial statements on that basis during that period. The basic objective

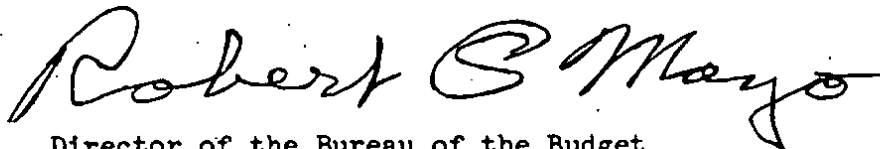
- 2 -

is to produce from that "pilot" system (a) actual data on accrued revenues and expenditures for fiscal years 1969 and 1970 which will be needed when the financial reports begin to be published on the accrual basis in fiscal 1971; and (b) firm year-end balances of the various asset and liability accounts on the books of the agencies that represent the bridge between the "cash" and "accrual" bases and that are prerequisite to the changeover.

All of this adds up to a major and challenging undertaking. We urge the head of each agency to see that his organization is ready for the changeover soon. The specific requirements have already been promulgated in Bureau of the Budget Bulletin No. 68-10 dated April 26, 1968, Treasury Fiscal Requirements Manual Transmittal Letter No. 18 dated June 20, 1968, and General Accounting Office letter to heads of departments and agencies dated May 4, 1968.



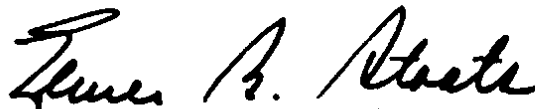
Secretary of the Treasury



Director of the Bureau of the Budget



Chairman of the Council of Economic Advisers



Comptroller General of the United States

Attachment

## THE WHITE HOUSE

WASHINGTON

February 22, 1969

MEMORANDUM FOR:

The Director of the Bureau of the Budget  
The Secretary of the Treasury  
The Chairman of the Council of Economic Advisers

The accrual basis of accounting has long been recognized as the most appropriate basis for providing a fair disclosure of financial condition and operating results in the private sector of our Nation's business. Since 1956, accrual accounting has been a statutory standard for the Government itself, but one which has been but imperfectly achieved.

A year and a half ago, a bipartisan Presidential Commission on Budget Concepts recommended the adoption of the accrual basis for stating revenues and expenditures of the Government in preparing the budget and reporting on budget results. All three of you, though then private citizens, were associated with the Commission and are thoroughly familiar with its work. Some of the senior members of Congress, most clearly associated with the budget process, were also members of the Commission. Shortly after the Commission reported, the Executive Committee of the American Institute of Certified Public Accountants adopted a resolution commending the conceptual changes recommended by the Commission, and urging their prompt adoption.

Since that time the Bureau of the Budget and the Treasury Department have been working with the General Accounting Office to get all departments and agencies of the Government into a position of readiness to convert to the accrual basis, and to execute a trial or "pilot" accrual reporting operation.

I hereby reaffirm the objective of placing our budgets and financial reports on the accrual basis recommended by the President's Commission. Please continue vigorous joint effort with the Comptroller General of the United States to that end. I am expecting the heads of the various departments and agencies to give their personal attention toward achieving this objective at the earliest practicable date, but not later than the end of this fiscal year, so that the conversion can be made effective with the budget to be transmitted to Congress in January 1971.

Please report to me, from time to time, on the progress that is being made.





SECRET

Re BOD  
68-10

30 August 1968

MEMORANDUM FOR THE RECORD

SUBJECT: Accrual Accounting Briefing for Colonel White

1. At 1100 this date Colonel White was briefed in his office on the Agency's accrual accounting requirement. Present were:

Colonel White

STAT

2. Colonel White seemed to understand the briefing perfectly and agreed with the conclusions and recommendation of the briefing, i.e., that there be no change to the Agency's present accounting procedure. However, he made it clear that we should look at the accrual accounting requirement again in a couple of years. He appeared to be concerned with two aspects of the accrual accounting requirement. First, he did not want the Agency to fall back into the "horse and buggy" age in comparison with other Governmental agencies which will be forced to adopt accrual accounting techniques. Secondly, he wanted to be certain that our young finance and progressive C.T.'s would find an attractive and challenging environment in terms of using modern financial management techniques. He stressed this atmosphere should exist not only before they entered the Agency, but also after they were on duty so we would not lose them to the competition of other Governmental agencies or industry after they came aboard.

3. I believe that there was good communication with Colonel White on a rather technical subject and he complemented O/FPB upon the completion of the briefing.

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SECRET

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-10

April 26, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Reporting accrued revenues and expenditures to  
Treasury and the Bureau of the Budget

1. Purpose. Transmittal Memorandum No. 31 to Circular No. A-11, on December 18, 1967, announced that the adoption of accrual accounting must be brought to early completion, and that agencies should take appropriate steps to install or improve systems of accrual accounting. It was also indicated that data on accrued expenditures and revenues will be brought into the central reporting system of the Treasury on an experimental basis for the fiscal year 1969 as recommended by the President's Commission on Budget Concepts, looking toward the later use of such data in budgets and public reports. The establishment of the status of each appropriation or fund at the close of business June 30, 1968, on an accrual basis, is essential to the plan. This Bulletin gives further information and instructions, so that each agency may proceed promptly to accomplish these objectives.

2. Background. Section 113 of the Budget and Accounting Procedures Act of 1950, as amended (31 U.S.C. 66a), requires that "... the head of each executive agency shall, in accordance with principles and standards prescribed by the Comptroller General, cause the accounts of each agency to be maintained on an accrual basis ..."

The principles and standards prescribed by the Comptroller General have provided further details with regard to accrual requirements. Bureau of the Budget Circular No. A-11 has for some years required the submission of cost-type budgets wherever an agency has an accrual accounting system which provides such information integrated with data on obligations and disbursements. The Treasury Department has for some years required year-end reports from agencies to reflect, by appropriation and fund, the accounts payable and other accrued liabilities, less the accounts receivable and other accrued assets. However, the principal budget tables and Treasury reports on Government outlays have been stated on the basis of checks issued and cash collected, rather than the accrual basis.

The President's Commission on Budget Concepts, in its report of October 10, 1967, recommended that:

- Accrued expenditures be used in lieu of checks issued as the measure for summary budget statements and financial reports.
- Receipts of the various agencies be similarly budgeted and reported on an accrual basis.
- Accrued expenditures be defined to include the "constructive delivery" basis.
- Use of such data be tested, beginning with the opening of the fiscal year 1969, with the expectation that the budget submitted in January 1970 be on the new basis.
- After the new concept is in use, the term "expenditures" be automatically applied to the concept which during the transition is called "accrued expenditures".
- Monthly financial reports from the Treasury be placed on the same basis as the budget, with the belief that by July 1970 such monthly accrual reports should be on the same time schedule as monthly cash reports have heretofore been.
- The cost accounts of the Government agencies be continued and refined.
- Program costs be continued as significant instruments of management, budget formulation and execution, along with assuming increasing importance in connection with appropriation requests.

The President last December accepted the recommendations of the Commission with regard to the basic concepts for the budget, directing that they be placed in effect as promptly as feasible.

The Commission also recommended that there be pursued the objective of putting the Federal sector of the national income accounts on the same basis of accruals as is recommended for the budget. This is under study.

3. The concept of accrued expenditures and accrued revenues.  
The attached statement on the concept of accrued expenditures

and accrued revenues (Attachment A) is hereby promulgated for use by all agencies. The staffs of the Bureau of the Budget, General Accounting Office, and Treasury Department have prepared the attached answers (Attachment B) to a number of questions about the concept and its applications during the coming year, which have been raised in preliminary discussions with staff of various agencies. The definitions and the interpretations of the most widespread applicability will soon be incorporated in permanent instructions.

Your attention is invited to the major changes in the concept as compared with the current or earlier concepts and interpretations of accrued expenditures under Bureau of the Budget Circular No. A-34. Under the refined concept of accrued expenditures herein promulgated:

- Performance by the payee, through which he earns a payment from the Government, is the test to be applied. Therefore, the reporting of accrued expenditures is not to wait until physical delivery by the contractor and receipt by the Government, or until title passes to the Government in those cases where a contractor manufactures and fabricates materiel in accordance with Government instructions. Instead, the accrual in such cases is to be reported at the time of constructive delivery and receipt.
- The crucial point is the time when the money is first owed by the Government, as distinguished from the time when the money is legally "due and payable." Thus accrued expenditures include amounts equal to the liabilities for unbilled performance by the payee, and the amounts of the liabilities that have been billed to the Government.
- The concept is made explicitly applicable to the identification of amounts earned by contractors or grantees on the basis of performance by sub-contractors and subgrantees, as well as the performance by the prime contractors and grantees.
- Advance payments are never to be considered accrued expenditures. They are assets, which are liquidated (and become expenditures) as they are earned by the payee. Advance payments should be distinguished, however, from deferred charges (for example, leasehold improvements) and the acquisition of inventories; the two latter terms should generally be reserved for situations

where performance has already occurred, and the accrued expenditure has been recorded, even though the expense is to be recognized in the accounts in part or in whole at a later time.

With respect to revenues, the refined concept requires recognition of receivables, whether billed or unbilled, and the exclusion of unearned revenue.

The refined concept should result in similar changes in the practices of agencies in preparing reports on accounts payable, other liabilities, and receivables under Treasury Department Circular No. 965.

4. Application of the new concepts. Expenditure and revenue information will be recorded at the level of the appropriation, fund, or receipt account. It will not usually be required by the Bureau of the Budget (or the Treasury Department) at the level of individual activities, where applied costs (and in some cases obligations) are required. It is not a replacement for data now obtained at the object classification level. It does not change the obligation basis of appropriations or apportionments.

A principal objective in the application of the new concepts is to obtain reliable results for use by agency management and in Government-wide financial management. The ultimate test will not be the method by which the figures are derived, or the level of the agency accounting system at which they are recorded, but the reliability of the data on accrued expenditures and revenues, and on related assets and liabilities, as indicated by appropriate techniques of verification. While the concepts set forth in paragraph 3 above and in the attachments are firmly established, the criterion of materiality is applicable in the implementation of those concepts. It must be recognized that absolute precision may not be attained, and that figures originally reported as accrued expenditures, though grounded in the best information then available, may be subject to some subsequent adjustments upwards and downwards as invoices are received and examined, and as bills are paid or settled.

As in the case of earlier statements on the application of the accrual concept in Bureau of the Budget Circular No. A-34, "the best estimate" will be used where the exact amount of accrued expenditures is not known and cannot feasibly be ascertained at the time that the accrual should be recorded. However, "the best estimates" should avoid arbitrary proration of quarterly estimates into thirds for each month, and similar formula approaches; it is important that the reported accruals be a sensitive reflection of the

transactions and performance which actually occur, and a mere prorating of estimates over consecutive months will not achieve this purpose.

Monthly reports on an accrual basis should normally be obtained from major payees, where the amount accruing is dependent upon sums earned (costs incurred or other performance rendered) and the measurement thereof is basically in the hands of the contractors, grantees, sub-contractors or subgrantees. This will include as a minimum the State governments, and other large governmental instrumentalities, institutions, and contractors doing business with Federal agencies.

Estimating and statistical devices may be appropriate for determining accruals in those cases where such procedures will eliminate the need for getting special reports from a large number of payees with smaller contracts, grants, or other obligations from the Federal Government. Such methods will be susceptible to verification as to their validity.

However, as of the end of each fiscal year, beginning with June 30, 1968, a strong effort should be made to obtain and record full and accurate accrual information, both from within the Government structure (including interagency transactions as well as matters under accounting control of the agency itself), and from contractors and grantees. Final year-end reports must attain a high degree of accuracy, even if interim reports are not able to reach the same standards during the early months of the test period. Thereafter, regular monthly reports should be as close to the accuracy of final year-end reports as possible, considering that reporting deadlines will be tighter than at year-end.

5. Accrual accounting generally. While the major emphasis of this Bulletin relates specifically to obtaining reasonably accurate and timely figures on accrued expenditures and revenues, the efforts to implement it should be carried out as part of the financial management program in accordance with the overall principles and standards for accrual accounting prescribed by the Comptroller General. That is, data on accrued expenditures and revenues should be properly integrated with information on cash transactions, on applied costs, on obligations, and on other facets of agency finances.

Improvements in agency information on accrued expenditures and revenues should be accompanied by attaining more accurate data on applied costs, and by exerting better accounting control over assets and liabilities.

The accrual accounting system should serve managerial needs of the agency, as well as assist in serving overall Government purposes. Program and operating personnel should be encouraged to understand and utilize the accounting system results. In the case of grants and contracts, the same reports on financial performance and status should serve the program personnel and the financial management system. In some cases, financial data on the use of grants and on progress under contracts now reach an agency, but do not reach the accounts. Corrective action can make financial management better serve the needs of program review.

6. Action program for each agency. The head of each agency will see that steps are taken promptly and competently as follows:

a. To provide for a comprehensive and reliable "inventory" of accrued assets and liabilities as of June 30, 1968, in accordance with the definitions and interpretations in this Bulletin. The phrase "accrued assets and liabilities" in this case refers to accounts receivable, advances outstanding, accounts payable, unearned income, and accrued funded liabilities not otherwise classified. The results will be established in the accounts of the agency, and be reported to the Treasury in accordance with its instructions.

b. To make accounting system adjustments, to the extent needed under this Bulletin, and in accordance with General Accounting Office principles and standards. Where systems have not yet been approved by the Comptroller General, the requirements of this Bulletin will be worked into those systems prior to submission for approval. Where an accounting system has already been approved, proposed changes will be submitted to the General Accounting Office.

c. To take necessary steps immediately, both internally and with regard to contractors and grantees, so that there can be timely compliance with Treasury's reporting instructions on accruals and related data, beginning with transactions for the month of July 1968.

d. To require a review of procedures by financial management staff during the fiscal year 1969, and the adoption of such additional action as needed to facilitate the obtaining of better accrual data in a more timely manner and with lesser effort than may be possible in the first months of the year.

e. To provide for a verification of accrued assets and liabilities as of June 30, 1969. Where the accounting

system clearly contains imperfections, a comprehensive accurate inventory may be appropriate. Where the system is in operation and appears to be functioning smoothly, normal verification techniques should be utilized to the extent deemed necessary.

7. Actions of central agencies. The Treasury Department and the General Accounting Office will shortly issue additional appropriate instructions relating to this subject. The definition and interpretation of accrued expenditures in Bureau of the Budget Circular No. A-34 are superseded by those contained herein; the Circular will be revised subsequently.

The three central financial management agencies have invited several of the operating agencies to join in creating some temporary working groups to propose ways of applying the concepts of this Bulletin in certain areas of common interest -- particularly, major contracts which involve constructive delivery, grants-in-aid to other levels of government, and financial relationships with educational and other institutions. The results of these explorations will be made known as soon as possible, and supplementary or amendatory instructions will be issued as necessary.

The working groups will be in contact with, and seek advice from, representatives of private industry, of other levels of Government, and of institutions. It is also expected that the proposed further regulations, so far as they affect other levels of government, will be offered for comment through the customary channels of the Advisory Commission on Intergovernmental Relations.

During the forthcoming year the Bureau of the Budget and the Treasury will review various reports now required. While there will temporarily be some necessary overlapping between the new reporting requirements and the older reports, the objective will be to integrate the reports and eliminate such overlapping as soon as practicable. In the meanwhile this Bulletin should not be construed to revoke existing reporting requirements.

CHARLES J. ZWICK  
Director

Attachments



ATTACHMENT A  
Bulletin No. 68-10

## THE MEANING OF ACCRUED EXPENDITURES AND ACCRUED REVENUES

(Under the new budget concept transactions are divided between the expenditure account and the loan account. The concept of accrued expenditures and accrued revenues relates only to the expenditure account; the loan account is measured by checks issued in disbursement of loans (less write-offs, all of which are chargeable to accrued expenditures) and loan repayments collected. A few loan programs have by definition been placed within the expenditure account; until further notice they will also be accounted for and reported on the basis of checks issued and repayments collected. The respective totals in the expenditure account will be referred to as "accrued expenditures" and "accrued revenues" even though they will include some loan programs stated on the checks-issued and cash-collected basis.)

Accrued Expenditures

Accrued expenditures are the charges incurred during a given period requiring the provision of funds for: (1) Goods and other tangible property received, (2) Services performed by employees, contractors, grantees, lessors, and other payees, and (3) Amounts becoming owed under programs for which no current services or performance is required (such as annuities, insurance claims, other benefit payments, and a few cash grants).

Expenditures accrue regardless of when cash payments are made, of whether invoices have been rendered, or, in some cases, of whether goods or other tangible property have been physically received. The portion of any such expenditures which is unpaid at a given point in time is a liability. The portion of payments made for which the expenditure has not accrued (such as advances) is an asset.

Accrued expenditures, obligations, and disbursements become identical in amount over time. The differences in measures are differences in the timing of the events.

The concepts of performance and earnings are critical to the definition of accrued expenditures. When a contractor, vendor, or other party performs for the Government, earnings have accrued to him and the expenditure should be recognized at that time.

Accrued expenditures include both expired and unexpired costs. Basically accrued expenditures measure receipt of goods and services by the Government, whereas applied (expired) costs reflect the use and consumption of goods and services by the Government.

The charges for accrued expenditures are normally matched by one of the following credits:

- a. Reduction of cash with Treasury -- when disbursement is simultaneous with expenditure.
- b. Reduction of advances -- when disbursements were made prior to the expenditure.
- c. Increase in accounts payable or other accrued liabilities -- when disbursements will be made subsequent to the accruing of the expenditures.

Constructive receipt of goods or other tangible property, rather than physical receipt or the passing of legal title, is the measure of the accrual in certain cases. When a contractor provides goods to the Government which he holds himself available to sell to others, the accrual occurs when physical delivery by the contractor and receipt by the Government takes place and title passes (that is, when goods are either delivered to the Government or to a carrier acting on behalf of the Government). However, when a contractor manufactures or fabricates goods or equipment to the Government's specifications, constructive receipt occurs in each accounting period when the contractor earns a portion of the contract price, and the accrual takes place as the work is performed. Formal acceptance of the work by the Government is not a test.

The accrual basis, among other things, measures what is owed between the parties, whether or not it is "due and payable" as soon as it becomes owed. In general, the Government does not owe on its obligations until performance takes place on the part of the other party; it does not owe on goods and equipment of a type sold generally until physical delivery has been made. However, once performance occurs, the Government owes for it, even though it has not yet been billed by the other party.

Advance payments including prepaid expenses are assets; they are not accrued expenditures. They develop into accruals only as the money is earned by the payee, at which time the advance outstanding becomes reduced and the

accrued expenditure is recognized. If an advance is neither earned by the payee nor returned, it becomes an accrued expenditure when its uncollectibility is determined, at which time it should be recognized in the accounts. However, "deferred charges" which extend over a substantial period of time are counted as accrued expenditures at the same time and in the same manner as the acquisition of inventories and long-term assets (for example, leasehold improvements).

In some cases the performance required by the Government is directed toward a third party rather than to the Government itself (for example, a contract for medical services to be rendered to patients, or a grant for welfare payments). Even in such cases, the timing of the performance determines the time when the money is earned and thus the time when it becomes an accrued expenditure.

Where a contractor, a grantee, or even another Government agency (to which there is an obligation or an advance payment) performs through a subcontractor, subgrantee, or other party, it is necessary to determine the timing of such performance -- generally following the same rules as if the principal had performed directly. Therefore, in a cost-type contract requiring specific performance according to Government specifications, the contractor's earnings, and therefore the Government's accrued expenditures, will be measurable, at least in part, by the amounts of the subcontractors' costs and a pro rata share of fees in a given period. In the case of a fixed price contract, requiring specific work according to the Government's order, the accrual is measured by the earnings of the contractor, determined not by his costs and those of subcontractors, but by the proportion of the price which has been earned under the contract during the accounting period.

In those cases where Congress has permitted liabilities to accrue without being charged to the balance of an appropriation, a fund, or a contract authorization, the liability is considered "unfunded" and no accrued expenditure is recorded or reported until the time that the liability becomes funded. Accrued annual leave of employees is a principal example.

On the other hand, liabilities and accrued expenditures which are normally funded are to be recorded and reported promptly, even if they cause the recorded accrued expenditures to exceed available funds. The concept of accrued expenditures

MINUS      increase in unfunded liabilities (e.g.,  
             accrued annual leave)

EQUAL       accrued expenditures

Accrued Revenues (Other Than Taxes)

Accrued revenues are the credits earned during a given period which are a source of funds, resulting from (1) Services performed by the Government, (2) Goods and other tangible property delivered to purchasers or their agents, (3) Amounts becoming owed for which no current performance by the Government is required (such as fines and forfeitures levied, interest accruing on loans and premiums earned on Government-operated insurance programs), and (4) Amounts collected in cash in the case of gifts to the United States.

The concepts of performance and earnings are vital to the definition. The revenues are earned by the Government and are owed to the Government as performance occurs, regardless of the timing of collection or even of whether billing has occurred. Receipts collected in advance of performance are unearned revenue (deferred income) until performance occurs, and develop into accrued revenues as the money is earned by the agency concerned.

The concept is applicable to revenues of all types of funds included in the budget, including appropriation reimbursements. Where revenues will be credited upon collection to an appropriation account for a year that has not yet started, the accrual will be accounted for and reported under the symbol of the future account in the period in which the earnings actually take place.

Some revenues earned by the Government prove to be uncollectible. Such amounts should be excluded from the accrued revenues. The normal method of doing this is to reduce the accrued revenues on an estimated basis as the money is earned, and concurrently establish an allowance for possible losses on collections. Write-offs which are not charged to such an allowance, or special adjustments to such an allowance, should be treated as adjustments to accrued revenues in the period when they are recognized in the accounts.

Accounting for accrued revenues should be accompanied by full and accurate accounting for assets and liabilities

on an accrual basis. Wherever orders received are used as a basis for obligating, as is permitted for interagency transactions where the orders are a valid obligation of the ordering agency, accrued revenues should be appropriately related to such orders through an account for unfilled customer orders.

The relationship for any given accounting period between accrued revenues and certain other concepts may be expressed by formulas such as the following:

1. Relationship to cash receipts:

Cash receipts

PLUS increase in accounts receivable

MINUS increase in unearned revenue

EQUALS accrued revenues

2. Relationship to customer orders received (in the case of interagency transactions):

Customer orders received

MINUS increase in unfilled customer orders  
(whether collected or uncollected)

EQUALS accrued revenues

General

The convention of materiality should be applied to exclude the need for refinement on small items. For example, it is not anticipated that an agency will ordinarily record as an advance the prepayment of subscriptions to periodicals. Similarly it may not be necessary to segregate as unearned revenue the occasional small collections received toward the close of a month in payment for reproductions of records, etc., which will be accomplished during the following month.

Nor is it necessary to seek absolute precision on larger amounts being due, provided that the probable deviation from exactness is immaterial, and that the overall results are reasonably reliable.

On the other hand, where the aggregate of expenditures or revenues accrued is significant, even though composed of a number of small items, the total will require explicit recognition. For example, if the aggregate of a thousand small transactions represents \$100 million of accrued expenditures, it is clearly a material amount and the estimate of the aggregate should be included, even though no one transaction is very large. Similarly, for an account that has a significant sale of subscriptions to Government periodicals, the unearned revenue at any given time may be significant enough to require recognition by an aggregate entry in the accounts, thus resulting in placing the total accrued revenues on the correct basis of sums earned.

There should be adequate documentation received or established as a basis for all accounting entries and reports. The documentation may be at whatever organizational level is deemed most suitable by management, but it should be subject to verification.

ATTACHMENT B  
Bulletin No. 68-10

QUESTIONS AND ANSWERS ON THE CONCEPT OF  
ACCRUED EXPENDITURES AND ACCRUED REVENUES

[In preliminary discussions of the accrual concept with staff of various agencies, a number of questions have been raised. Many of these questions are shown below, together with the answers suggested by staffs of the Bureau of the Budget, General Accounting Office, and Treasury Department.]

1. Question:

Will accrued expenditures be necessary at the level of budget activities?

Answer:

It is not expected that accrued expenditure data will normally be required by the Bureau of the Budget or the Treasury Department below the appropriation level, although occasionally the functional or other Government-wide classifications used by the Bureau of the Budget may require a few splits of data below the appropriation level; such needs will be made known as they arise.

Applied cost information is needed at the budget activities level, in accordance with Bureau of the Budget Circular No. A-11. For many kinds of transactions, applied costs and accrued expenditures are identical; however, they are not the same for items passing through inventory. The operation of a joint-use inventory for more than one budget activity within an appropriation would not normally permit the splitting of accrued expenditures by activity, and such splitting is therefore not anticipated.

2. Question:

Is the accrual basis to be applied to the foreign currency (FT) accounts?

Answer:

Yes. It is applicable to all Government accounts. However, its installation with respect to foreign currency accounts is of lower priority than with regard to dollar accounts, since the transactions in the foreign

currency accounts do not enter into the budget totals and therefore monthly reporting to Treasury on an accrual basis is not required for these accounts. The introduction and refinement of the accrual basis in the foreign currency accounts may therefore be deferred until later in the fiscal year 1969.

3. Question:

We have a cutoff of the 25th of the month for accounting and reporting from contractors and stations in order that we may make timely reports shortly after the end of the month. Transactions after that date are included in the next month's report. Is this acceptable?

Answer:

Financial reports for the month, forwarded to Treasury or others outside the agency, should cover the total transactions of the month. Two alternatives may be used:

- a. The preferable method is to keep the accounts open through the end of the month, and make strong efforts to speed up the processing of reports in the early days of the following month so as to meet reporting deadlines. This is especially desirable with regard to the monthly closing of station accounts.
- b. A less preferable method is to continue an early closing date for some contractors, but require that there be included as an estimate the additional accruals occurring between the closing date and the end of the month. Such treatment might mean that the estimate should be recorded in the accounts at the time of the early closing, and reversed at the beginning of the following month.

4. Question:

What procedure shall we follow if reports from some accounting stations are delayed?

Answer:

It is hoped that firm instructions will be given to accounting stations to initiate their reports in time to allow for slight delays in the mails. It is not



reasonable to assume next-day or second-day delivery of all domestic mail, and agency processing schedules should allow appropriate leeway. Even so, there will be some occasions when station reports are missing, particularly in cases of stations in foreign countries. In such situations the central office of the agency should include in its reports, on behalf of the missing station or stations, its best estimates for the accounting period. The actual report should be obtained and processed as soon as feasible, and corrections effected with the Treasury, in accordance with procedures announced by the Treasury, before the next report is due.

5. Question:

Will additional time be given for closing the accounts at the end of a fiscal year, in order that the accrual data may be refined?

Answer:

It is anticipated that regular reporting deadlines will be observed every month including at the end of the year, but that in addition there will be some refinement and revision in the accounts for a few weeks after the regular June report is made. For other reasons, not connected with the change to the accrual basis, it is quite likely that the present September 30 cutoff for finalizing status of appropriation and fund accounts for reporting to Treasury will be changed to an earlier date. In preparing their procedures, agencies should contemplate accomplishing the final closing of their accounts with a consolidation of summary data within 60 days after the end of the fiscal year. The adjustments that occur between the regular June report and the final closing should be minimal; the system will not be functioning correctly if there are substantial additions to or deductions from expenditures to be accomplished as a part of the final adjustments.

6. Question:

Is accrued annual leave to be included as an accrued expenditure?

Answer:

In most cases, no. For nearly all appropriations, accrued leave is an unfunded liability until the time

that it is taken or becomes payable as terminal leave. For most revolving funds, leave currently accruing is treated as a funded liability, and as such is reportable as an accrued expenditure. The basic answer is: accrued leave is to be reported as an accrued expenditure only to the extent that it is "funded".

7. Question:

How can we get precision for such items as travel? While we know the amount obligated for travel orders by the end of the month, we will not know the amount to be reimbursed for travel claims until they are presented in the following month, and the amount of carriers' claims even at that time may be subject to change later as their invoices are examined.

Answer:

Absolute precision is not expected. On a cumulative basis, accrued expenditures should include the amounts audited and paid for travel performed, and the most reasonable estimate for travel performed which has not yet been paid for and for travel performed that will be funded out of advances for which vouchers have not yet been presented. In many cases, therefore, on an item such as travel, cumulative accrued expenditures within a fiscal year will represent a reasonable estimate for the most recent period and fairly firm "actual" figures for the preceding portion of the year.

8. Question:

This same principle is applicable to other types of transactions such as communication services and utility services. What procedure should be followed where the billing cycle of the payee does not correspond to calendar months? Many telephone and utility bills are rendered 12 times a year, but the billing period does not correspond to calendar months.

Answer:

It is permissible to equate monthly billing periods that do not correspond with the calendar month with the accrued expenditures for the calendar month in which the

billing period ends, in those cases where a similar obligation transaction is recorded, and where neither the differences in the month's transactions nor in the amounts of the liabilities are likely to be material. (Note, however, that this practice is not permitted for personal services; the accrual practice must cover the earnings through the end of the month.) However, if the accrued liability for communication and utility services performed for the portion of the month between the end of the billing period and month-end is material, provision should be made for recording it as an obligation, an accrued expenditure, and an applied cost.

9. Question:

With regard to transportation which is incomplete at the end of a month, when should the accrual be reported? This question is applicable to both passenger and freight transportation.

Answer:

It is preferable to record the transportation as an accrued expenditure in the accounting period in which it begins. If the amount of unperformed transportation is not likely to be material, the accrual might even be recorded when the bill of lading is issued or the transportation request is exchanged for tickets.

10. Question:

How should we treat advances to revolving funds, such as those of the General Services Administration?

Answer:

These should be accounted for as advances until performance occurs, when they become accrued expenditures. When the performing agency performs or makes delivery to the ordering agency, its revolving fund would reflect accrued revenues and the ordering agency would reflect an accrued expenditure of the same amount. In those cases where the other agency (say, GSA) contracts with an outsider (for example, a building contractor), its revolving fund would reflect accrued expenditures based on the contractor's performance, and accrued receipts of an equal amount at the same time based on

the "sale" of the services or material to the ordering agency; the ordering agency would reflect an accrued expenditure at the same time, reciprocal to GSA's accrued revenues.

11. Question:

How should advances to consolidated working funds be treated?

Answer:

These should also be treated as advances, not as accrued expenditures, until performance occurs. The agency administering the consolidated working fund should treat the amounts as deferred income and report promptly each month to the ordering agencies the amounts to be treated as an accrual between the two agencies for the month. Exceptions may be made for small amounts which are considered immaterial, by agreement between the two agencies; however, neither agency should act unilaterally in concluding that an interagency payment is to be treated as an accrual instead of an advance because of its small size.

12. Question:

Would payments for the cost of interagency boards and committees follow a different rule?

Answer:

No. In general, they should follow the same rules indicated above for consolidated working funds.

13. Question:

What arrangements should be made in the case of allocation (appropriation transfer) accounts?

Answer:

Allocation accounts in effect represent a subdivision of an appropriation or fund. Allocation accounts are combined with the parent account in the budget and in the Monthly Treasury Statement. It is preferable to establish the same type of relationship as might be established between a headquarters and a field office,

with one or more linking accounts on a reciprocal basis. The transactions of the allocation accounts should be summarized along with the transactions of the parent account, in accordance with Budget Bureau regulations, when needed for reports and budgets. Under Treasury regulations, the allocation accounts may be reported separately by the performing agency in certain cases, and the Treasury accomplishes the combination of these with the parent accounts.

14. Question:

To what extent should accrued expenditures be adjusted retroactively? For example, an accrual in January is overlooked and becomes known only in March. Or, an accrued expenditure reported in January on the basis of the estimated value of performance may be paid in March at a different amount, on the basis of the invoice received and/or adjustments made during the examination of that invoice. Should the January figures be restated?

Answer:

No. Information becoming known in March will usually be treated as a March entry. The difference between the amount originally accrued as an expenditure and the net amount ultimately paid will enter into accrued expenditures of the month in which the adjustment becomes known. Accounts for prior months will not be reopened to make such adjustments, except at the end of the year when June accounts should be held open to record accruals, cancellations and adjustments reaching the accounting center after the preliminary reports have been made but before final reports are made. Even for June, it is not necessary to adjust year-end accruals for minor differences between recorded accruals and payments of those transactions; such adjustments, unless significant, can be treated as transactions of the new fiscal year. Where the accounting system contemplates the identification of accrued expenditures by the primary use of cash figures together with a change in certain assets and liabilities, the adjustments described here will be automatic. Where the accounting system derives accrued expenditures directly, provision must be made for recording the adjustments when actual liabilities are determined, and cash payments made or advances liquidated.

15. Question:

We had set up our plans on the basis of making certain accruals only on a quarterly basis. Would this be acceptable for a substantial number of items which are individually relatively small?

Answer:

No. It is necessary to record an accrual each month. However, estimating methods might appropriately be used in some situations, taking account of all factors known to be relevant, and subject to correction as more accurate information becomes available. Such short-cuts are applicable primarily when individual items are relatively small. Where amounts are significant, it is important that the reported accruals be a sensitive reflection of the transactions actually happening, and a predetermined prorating of estimates over consecutive months will usually not be satisfactory.

16. Question:

In those cases where goods are bought out of a warehouse or off the shelf, does the accrual occur at the time that delivery is made to a carrier, or at the time the carrier makes delivery to the Government?

Answer:

Technically, the accrual to the seller occurs when he makes delivery to the carrier, if the circumstances make the carrier an agent of the United States. If, instead, the carrier is an agent of the vendor, the accrual occurs when delivery is effected to the agency. In general, the controlling circumstance is not the choice of a Government bill of lading versus a commercial bill of lading, but the terms of the purchase order or contract (that is, did it call for the vendor to make delivery to us or to a carrier?). However, as a practical matter, it will usually be sufficient to record accruals during the year (for this type of purchase) on the basis of deliveries received by the agency.

17. Question:

Suppose that on a cost-type contract the contractor subcontracts several portions of it, and the subcontractors in turn arrange for part of the work to

be done by other firms, involving a chain of contracting arrangements that may run to several levels. What is really expected in terms of getting timely reports on earnings through a whole chain of contractors?

Answer:

In many cases it will not be feasible to establish a monthly reporting chain to the last possible level of subcontractors. However, the accrued expenditures reported should represent the best estimate of the amounts earned, whether or not they are known specifically and supportable in detail in the prime contractor's books at the end of the month. A possible test is this: If the contract were terminated at the end of the month, how much would the Government owe for work already performed by the contractor and all subcontractors, aside from penalties and cleanup costs relating to termination?

18. Question:

Can the Government require a contractor to report his costs under a firm fixed price contract?

Answer:

It is not necessary to ask the contractor to report his costs under these circumstances. The information needed for our accrual accounting is the contractor's earnings, not his costs; the Government can appropriately ask him to report his earnings, based upon the percentage of completion of the contract, on those contracts where his performance is specifically to meet requirements of the Government and at the Government's direction.

19. Question:

Our experience indicates that on certain types of contracts (for example, those with renegotiation provisions), contractors generally claim more earnings than the amounts for which settlement is ultimately reached. Should we recognize the total amounts claimed each month as an accrued expenditure?

Answer:

The agency may appropriately utilize its experience to establish an allowance (a reduction in the accrued expenditures) for excessive claims that will likely not be

paid. It will probably be more satisfactory to operate this allowance (like valuation allowances on assets) in relation to a group of contracts rather than to seek to identify an amount to be discounted on each individual contract.

20. Question:

Are we to rely basically on how a cost-type contractor records a transaction -- that is, treat his current earnings as an accrued expenditure if he records revenue, but do not do so if he doesn't?

Answer:

No, not with outside contractors. The Government's treatment of a transaction is not dependent on whether the contractor picks up the transaction as revenue each month or leaves it as work in progress in his accounts until the job is completed. The agency must accrue the expenditure on the basis of contractor performance in the case of contracts which require his performance to the Government's order, as distinguished from cases where the contractor holds himself out as selling the product generally. Agency procedures should provide methods of determining the performance that has occurred and the portion of the purchase price represented by that performance month by month.

21. Question:

In the case of construction jobs does the Government have an accrued expenditure for material brought to the site but not yet put in place?

Answer:

The timing of the accrued expenditure depends upon the terms of the contract. Where the contractor is deemed to earn a portion of the contract price only as work is put in place, the accrued expenditure must be recorded accordingly. Where the contractor's performance and earnings include the delivery to the site of certain materials which the contractor then "appropriates" to the job, the accrued expenditure should properly include the price of such materials.



22. Question:

We use the letter-of-credit procedure for many grants. Can we count the disbursements on letters of credits as accruals?

Answer:

Neither the issuance of the letter of credit nor the disbursement on a letter of credit can be counted as an accrual. The letter-of-credit device is a means of handling payments, not a means of handling accruals.

23. Question:

If advances for grants are handled on a "pooled" basis by the grantee, how should the accrued expenditures be distributed to the funding accounts?

Answer:

This question relates more to the theory of pooling than it does to accrued expenditures. However, with a pooled arrangement it is necessary to determine the costs ultimately chargeable to the various funding appropriations. Since costs and accrued expenditures are likely to be concurrent in the case of grants in cash, the principles adopted for cost application can probably be applied equally well to the distribution of accrued expenditures.

24. Question:

We make some grants and loans in kind--through current purchases. When should the accrual be reported?

Answer:

If the purchase is made on the Government's purchase order or contract, the relationship between the Government and that party must be recognized, even though another party is a grantee or borrower in the transaction. In such cases, the accrual should be reported as an expenditure when the vendor or contractor performs, in the same manner as if he were making delivery to the agency directly. These cases therefore differ from grants or loans which are made in cash, in which the timing of the accrual depends primarily upon the status of the transaction between ourselves and the other

party. However, if the grantee or borrower is the purchaser of a commodity from a third party, and assigns his payment from the United States to the third party, the accrual is based upon the relationship between the agency and the grantee or borrower, and the performance by the third party is not relevant.

25. Question:

How should we handle grants which do not require performance?

Answer:

It should be noted that the number of domestic grants of this type to the states, counties, and cities is especially small. Nearly every "categorical grant" requires some type of performance as the basis for the grant. However, a possible example to conform to the question is the annual grant of \$50,000 to each state and to the Commonwealth of Puerto Rico for "Colleges for agriculture and the mechanic arts"--a program appropriation in which the specified amount is paid without any specific showing of need, any submission of a plan for the use of the money, any separate accountability, or any reporting on how the money was used. In the rare cases of this type where the payment is clearly gratuitous for general financial support, and unconditional in nature, the accrual may properly be recorded on the basis of cash disbursements.

26. Question:

How should we handle the sharing of revenues with States or local governments (for example, the return to the States of 12-1/2% of grazing fee receipts on certain Federal lands within their boundaries)?

Answer:

The method of handling these depends upon the law, although the rules are generally the same as for grants. In most cases of shared revenues there is no requirement as to performance and no showing is required from the recipient, either before or afterwards, as to its use of the money. In these cases the accrual may properly be recorded on the basis of cash disbursements. If some performance is required then, of course, the accrual will be based upon such performance.

27. Question:

We give monthly stipends to individuals to assist them in going to school. What evidence of "performance" is necessary for carrying out the accrual concept?

Answer:

None. It is assumed that the agency has some method of ascertaining that the individual is attending school, but it would not seem practicable to carry the accrual concept to any special degree of precision in cases such as this. If the stipend is given in the month for which it is applicable, there would be no objection to treating the disbursement and accrued expenditure as concurrent. If the stipend is given in advance of the month for which it is applicable, it would be desirable to set up an advance account, but there would be no objection to liquidating the advance account en bloc for the month without demanding individual performance reports as a condition for doing so.

28. Question:

Our grants go to 20,000 school districts (or, our contracts go to 20,000 contractors). Our workload would be too great to get monthly reports from each of these, and many would probably not comply. What do you propose that we do?

Answer:

Noncompliance with reporting requirements should not be condoned. As a party to the contract or as a grantor, the Government may require and obtain necessary and reasonable monthly reports as a condition of continuing the contract or the grant.

However, the question has identified a practical problem which needs to be dealt with in a practical manner. Two alternatives are suggested. On either of them an agency should get appropriate professional advice, and its procedures will be subject to review and approval of the General Accounting Office in connection with its review and approval of accounting systems:

- (a) If a relatively small number of the payees account for a large proportion of the payments--for example,

if the 100 largest contractors cover 80% of the payments--the agency should get monthly performance reports from each of these large payees, and it may properly draw upon experience and judgment to make an estimate of the accruals, otherwise unrecorded, with regard to the remaining smaller proportion of the total lot.

- (b) If no reasonable number of payees account for a predominant part of the total payments, statistical sampling techniques might be considered; that is, monthly performance reports might be obtained from a limited number of the payees, provided that the size and nature of the sample is appropriately drawn. In such cases it will be necessary to carry on the sampling periodically, since no one period of the year is necessarily indicative of the levels or volumes of activity in the remainder of the year, and since too infrequent sample reporting might cause estimated results to fail to reflect new developing trends.

An agency might choose to use one alternative for some programs, the other alternative for others. An agency might also select still other methods of dealing with the problem subject to obtaining the approvals mentioned above.

29. Question:

We must pay interest semiannually on certain borrowings (or on moneys deposited with us). Is it permissible to accrue this only on the due dates?

Answer:

Interest should be accrued as it is earned, month by month, and not merely at semiannual or other periodic intervals when it becomes due to lenders or is credited to depositors' accounts.

30. Question:

The Post Office sells stamps and obtains revenue from setting postage meters somewhat in advance of performance. Is it necessary to recognize a distinction between accrued revenues and cash receipts in such cases?

Answer:

To the extent that an agency obtains receipts in advance of performance, and the unearned balance of such advance collections is material, it should be recognized as deferred income until it is earned. In cases of this type it is common to expect that a portion of the receipts collected will never require performance--stamps will be kept by philatelists, lost, etc., just as a local transportation company may assume that some bus tokens it sells will never be used. It is appropriate to include in the accrued revenues, rather than as unearned revenues, the portion of the current collections which it is expected will never require performance by the Government.

31. Question:

Are some Federal agencies small enough to avoid application of these rules under the principle of materiality?

Answer:

No. The rules are to be applied for each agency and for each appropriation or fund symbol. The concept of materiality is applied separately for each accounting entity and therefore differs according to relative size.

32. Question:

Some of our reports from contractors and grantees presently combine program status and financial information, and go to program offices rather than the accounting staff of the agency. By your references to getting the financial data to the accounting staff, are you suggesting that program statistics and financial data be separated into different reports?

Answer:

No. A combination of program statistics and financial reports on performance is often desirable. While the immediate emphasis of this effort is to obtain timely and accurate information on financial performance for use in the accounts and reports, nothing herein should be construed as minimizing the usefulness of program statistics or as seeking to separate them from financial data.

**EXECUTIVE OFFICE OF THE PRESIDENT**

**BUREAU OF THE BUDGET**

**WASHINGTON, D.C. 20503**

**BULLETIN NO. 68-9**

**April 12, 1968**

**TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT: Planning-Programming-Budgeting (PPB) System**

1. Purpose and scope. This Bulletin contains guidelines for continued development of integrated Planning-Programming-Budgeting (PPB) systems and outlines requirements for PPB submissions to the Bureau. This Bulletin supersedes Bulletin No. 68-2, dated July 18, 1967. Bureau of the Budget Circular No. A-11 is being revised to be consistent with these instructions.

This Bulletin applies to the agencies listed in section 1 of Attachment A. Other agencies (listed in section 2) will be contacted by the Bureau with respect to the extent of required compliance to the guidance provided in this Bulletin.

Attachment B provides guidance on the preparation of Program and Financial Plans (PFP's). This guidance has been developed as a step toward making the PFP a more useful tool for planning. The use of this guidance is not required of all agencies this year. It will be used this year with a few selected agencies which agree to make a pilot application to test and refine the concepts involved. While only a few agencies are involved in the pilot effort, other agencies are encouraged to use Attachment B guidance this year. (See paragraph 7a.) Bureau staff will be available to advise on application of this guidance.

The principal objective of PPB is to improve the basis for major program decisions in the operating agencies and in the Executive Office of the President. This requires clear statements of alternatives and of the reasons for decisions. Program objectives are to be identified and alternative methods of meeting them are to be subjected to systematic comparison. Data are to be organized on the basis of programs, and are to reflect the future as well as current implications of decisions. As in the case of budgeting, planning and programming apply not only to current programs but to proposals involving new legislation.

The budget is the financial expression of the underlying program plan. Review by the Bureau is conducted primarily in program terms. It is essential that the products of the PPB system -- the Program Memoranda, Special Analytic Studies, and Program and Financial Plans (each defined in paragraph 2) -- provide adequate bases for program decisions. Since the budget is transmitted to the Congress in terms of individual appropriations, there must be a clear relationship of program decisions to appropriation requests.

2. Elements of the system. The PPB system provides for identification of program issues and consideration of such issues in the framework of a program structure. The system has three basic elements: Program Memoranda, Special Analytic Studies, and Program and Financial Plans.

a. Program Memoranda (PM's). A PM presents a statement of the program issues, a comparison of the cost and effectiveness of alternatives for resolving those issues in relation to objectives, the agency head's recommendations on programs to be carried out, and the reasons for those decisions. PM's, therefore, provide the documentation for the strategic decisions recommended for the budget year.

b. Special Analytic Studies (SAS's). The Special Analytic Studies provide the analytic groundwork for the decisions reflected in the PM's. Studies are of two types, both of which are essential to effective operation of an agency PPB system and to annual budget review.

Some SAS's will be performed in order to better resolve an issue in the budget year. These studies will be initiated and completed during the year and their results will be shown in the PM submitted in support of the budget request.

The second type involves studies which continue beyond the budget year. A continuing study will develop on a longer-run basis the conceptual understanding necessary to improve the data available, to evaluate the implications of agency objectives, and to provide an analytic basis for deciding future Major Program Issues (see paragraph 3).

c. Program and Financial Plans (PFP's). The PFP is a comprehensive multi-year summary of agency programs in terms of their outputs, costs, and financing needs over a planning period covering the budget year and four future years, or a longer period if this is appropriate to agency programs. While PM's deal primarily with the resolution of specified program issues, PFP's provide a continuing record from year to year of the outputs, costs, and financing of all agency programs. Thus the PFP is the basic planning document of the agency PPB system.

To meet Bureau needs, agency PFP submissions are to present specified data on outputs, costs, and financing over a seven-year period: the past, current and budget years, and four future years. Since PM's submitted to the Bureau of the Budget present agency recommendations only on Major Program Issues, the PFP serves as the vehicle for summarizing all program recommendations for budget review.

In addition to the material outlined above, the Bureau will continue to request, at staff level, such additional information as is necessary to better understand agency programs, PM's, Special Analytic Studies, PFP's, and budget submissions.

3. Major Program Issues (MPI's). A Major Program Issue is a question requiring decision in the current budget cycle, with major implications in terms of either present or future costs, the direction of a program

or group of programs, or a policy choice. The most important feature of the statement of a Major Program Issue is the identification of specific alternative courses of action, and the costs and benefits of each. Pertinent legislative as well as budgetary considerations should be highlighted.

4. Program structure. The program structure should group agency activities in a way that facilitates comparisons of the cost and effectiveness of alternative approaches to agency objectives. To serve this purpose, program classifications should be objective-oriented, grouping activities with common objectives or common outputs. Each agency is responsible for its own program structure, subject to Bureau review. Continuing agency review of the program structure is required, with modification as necessary to meet changing conditions. The Bureau should be consulted on structural problems and proposed changes.

Normally, an agency program structure will include three levels of classifications: program categories, program subcategories and program elements. These should be established in accordance with the following general criteria.

a. Program categories. The categories in a program structure should provide a suitable framework for considering and resolving major questions of mission and scale of operations which are a proper subject for decision at the higher levels of management -- within the agency and within the Executive Office of the President. An agency generally should have between five and ten program categories.

b. Program subcategories. Subcategories should provide a meaningful substantive breakdown of program categories, and should group program elements producing outputs which have a high degree of similarity.

c. Program elements. A program element covers agency activities related directly to the production of a discrete agency output, or group of related outputs. Agency activities which contribute directly to the output should be included in the program element, even though they may be conducted within different organizations, or financed from different appropriations. Thus, program elements are the basic units of the program structure.

Program elements have these characteristics: (1) they should produce clearly-definable outputs, which are quantified wherever possible; (2) wherever feasible, the output of a program element should be an agency end-product -- not an intermediate product that supports another element; and (3) the inputs of a program element should vary with changes in the level of output, but not necessarily proportionally.

d. Treatment of support and indirect activities. In dealing with the costs of support and indirect activities, arbitrary allocations which are made solely for the purpose of distributing all costs should be avoided. Allocations should be made only where they contribute to better decisions.



When supervisory and support operations (such as comptroller, personnel and administrative service operations) are completely involved in a single program element, they should be reflected in that element.

In many situations, however, such operations may support two or more program elements. In such cases, the costs of the supervisory or support activities should be distributed to each supported program element -- if there is a reasonable basis for doing so, and if those costs may be expected to vary reasonably in line with trends in each of the program elements involved.

Where there is no reasonable basis for allocating such activities, or where allocation would not contribute to more effective decision-making in budget review, these activities should be reflected in appropriate separate classifications within the program structure.

e. Adaptation of program structure to decision-making needs. There are many instances where the program structure, if it is to facilitate decision-making, must cut across organization lines, appropriations, and other classifications. Pursuit of absolute uniformity and consistency in development of a program structure will, however, be counter-productive in some instances in terms of the major objective of PPB: the improvement of the basis for decision-making.

For example, there are cases where a specific target group is an important focus of decision-making, while the services provided to the group would normally fall within several different classifications of the program structure. This would apply, for example, to a group of refugees who are furnished health, education, and other services, but where decisions in the Executive Branch are in fact made in terms of this group of refugees as a whole. In such a case, all activities concerning the group should be reflected in one unique program element within the subcategory and category predominantly involved, unless this would produce significant distortions in the basis for decision-making in the other parts of the program structure.

A second example involves certain overhead and support activities or administrative expense items, which may be technically allocable among various program elements under guidelines furnished above. In some instances, these costs are large collectively but, distributed among many program elements, are not a significant factor in decisions regarding those program elements. Where this is true, and where decision-makers in the Executive Branch must focus at some point upon the costs in total, it is better to segregate them within the program structure, rather than allocating them.

As a third example, excessive fragmentation of appropriations and organizations should be avoided. For example, if about 80 percent

of an appropriation or the costs of an organization would fall within one part of the program structure, the entire amount should be so allocated unless this would cause significant distortions in the basis for analysis and decision-making. Further, there is usually little to be gained by spreading very small appropriations or small parts of an appropriation within the program structure. Normally, they should be allocated in total to that element into which the costs predominantly fall.

Agencies should review their structure in light of these criteria. In addition, Bureau representatives will advise individual agencies of a number of specific instances where the program structure should be modified in accordance with the foregoing.

f. Relationship to other classifications. As part of its effort in the review of program structures in individual agencies, the Bureau will continue to work toward development of a Government-wide program structure. As this effort progresses, agencies will be asked to adjust their structures to produce a comprehensive and compatible pattern across agency lines.

To facilitate the translation of program decisions and related data into the classifications used in the budget, it is desirable to bring program and appropriation structures into as close a relationship as possible. In refinement of the PPB system, the aim is to interrelate, to the maximum extent, the functional classification employed in the budget, the agency program structures, and the appropriation activity classifications in the budget. Attention should be given to changes in structures which will contribute to this objective.

5. The Program Memoranda (PM's). PM's are oriented to Major Program Issues. They may cover all or only a part of a program category, or cut across several program categories. Where a category is not involved in a Major Program Issue, the category will not be covered by a PM. Thus, PM's will not necessarily cover the agency's entire program.

For internal purposes, and to provide for the September 30 budget submission to the Bureau, agencies should develop and maintain narrative and tabular material outlining the strategy and assumptions underlying the projections in the PFP for each program category. These category summaries will make reference to PM's as appropriate. Specific instructions regarding Bureau requirements are included in Circular No. A-11.

a. Content of the PM. The PM shows what choices the agency head has made, includes the major program recommendations of the agency for the upcoming budget, and defines authoritatively the strategy underlying those program recommendations. In addition to identifying the strategy upon which agency plans are built, the PM should show how the resolution of Major Program Issues fits into or modifies the program

strategy. This integration of the objectives of the agency program with specific decisions made on program issues for the budget year is one of the principal functions of the PM.

The PM also shows why particular choices have been made, by identifying agency objectives in a measurable way, and comparing alternative programs in terms of their costs and who pays them, and their benefits and the group benefitted. The PM should deal explicitly with the legislative implications of the alternatives presented, and should summarize the analytic basis for choice among those alternatives. The supporting analyses may be contained in separate appendices to the PM. Where Special Analytic Studies cover the detailed analysis, and have been made available, a PM need only summarize the findings and make reference to the studies.

The PM's provide internal guidance for preparation of the agency budget submissions, and a basis for major program decisions in budget review. Therefore it is essential that the choices among alternatives be recorded in the PM's and that the reasons for the choices be stated. Where Special Analytic Studies have not been made, the PM will indicate whatever basis exists for choice among the alternatives.

A PM should be no longer than 20 pages, and should be so prepared that it can readily be used by the agency head and the Director of the Bureau of the Budget.

b. Submission requirements. Each agency will receive from the Bureau an issue letter requesting Special Analytic Studies and identifying the Major Program Issues to be covered by PM's for the upcoming budget cycle. Agencies may suggest additional issues and submit related PM's if they will contribute to more effective review of budget requests.

In response to the issue letter, draft PM's will be submitted in accordance with a schedule developed with the Bureau. The draft PM's will permit review by the Bureau of the statements of the Major Program Issues which the agency will address, and the analytical material and methods being employed. Draft PM's are not commitments on the part of the agency to program decisions.

Final versions of each PM (and Special Analytic Studies addressed to budget year problems) are to be submitted on September 30 with the agency's budget submission. These final PM's should indicate the recommendation of the agency head on all identified Major Program Issues.

PM's are required to be submitted to the Bureau only in connection with Major Program Issues, as outlined above. Agencies are encouraged to develop PM's in connection with other issues; submission of these additional PM's to the Bureau will be welcomed.

6. Special Analytic Studies (SAS's). Special Analytic Studies provide agency heads and the Bureau with information for making decisions among alternative ways of achieving program objectives. There is no established format nor length for these studies -- these will vary with the subject matter involved. Normally, a Special Analytic Study should be conducted for each Major Program Issue. However, staff shortages, the lack of data or of conceptual bases for analysis, and other circumstances may in some cases make it impossible to provide a Special Analytic Study for each PM.

Usually a study is not coextensive with a program category. Dealing with a specific Major Program Issue, a study may cover a specific aspect of a program category, or may cut across program category lines. As soon as practicable after receipt of the issue letter, agencies should notify the Bureau of studies under way and planned. If these plans change significantly, the Bureau should be advised.

7. Program and Financial Plans (PFP's). The PFP covers data relating to the outputs, costs and financing of all agency programs. The PFP should reflect the future implications of current and past program decisions of the agency head and, subsequently, of the President. The outputs, costs and financing of agency programs are to be shown in the PFP for each program element, grouped in terms of the program structure by category and subcategory, and for each of the seven years covered by the PFP.

The years beyond the budget year are included to show the future implications of past and current decisions. This projection, therefore, is not intended to be a prediction of the future budget totals for the agency or for major programs. It is intended to be a reflection of the level to which existing decisions have committed the Federal Government.

The PFP shows, on the output side, the expected benefits of multi-year projections and, on the cost side, the future financial requirements that are the result of the accumulation of program decisions made for the budget year or in past years.

Agency systems will include procedures for preparing and updating PFP's in a way which is suited to the agency's programs and which satisfy requirements of this Bulletin.

a. Scope and content of PFP. The PFP covers the total operations of the agency. Data should not be excluded because certain operations are not specifically covered by the existing program structure, or because the PPB system has not yet been extended to those operations. Data for such operations should be shown on a separate line of the PFP.

As a general rule, agencies will prepare PFP's on the same basis as for the 1969 budget. However, Attachment B provides new guidance with respect to the preparation of PFP's. For the 1970 budget, this

guidance will be used on a pilot or test basis by selected agencies, for which separate arrangements will be made by the Bureau. It is planned to make this guidance mandatory for all agencies next year, subject to whatever modifications are suggested by experience with the pilot applications this year. Other agencies are encouraged to review the guidance carefully; apply it for the 1970 budget to the extent they find it practicable; advise the Bureau of any problems; and make plans for application of the guidance next year.

b. Submission requirements. Specific tabulations to be used within an agency should be developed as appropriate for the programs of the agency. For submission to the Bureau, the following are required:

(1) Table I - Outputs and costs by program element (agency formats are acceptable).

(2) Table II - Costs by program category and subcategory, and, for the budget year, budget authority by program category and subcategory.

(3) Table III - A translation of financial requirements from the program structure to agency appropriations. (See Circular No. A-11 for format and instructions.)

A PFP will be submitted to the Bureau twice each year: on September 30, with the agency's budget submission to the Bureau, and not later than February 15, updated for all years to reflect the decisions reached in the budget. The initial submission will reflect the agency request for the budget year and, for the four future years, the cost of carrying out the programs to which the Government would be committed under those recommendations. The February 15 submission will reflect for the budget and future years the costs of carrying out the programs to which the Government is committed by decisions reflected in the budget. The PFP required for submission to the Bureau is not intended as a projection of requirements as foreseen by the agency over the planning period.

c. Relationship to PM's and SAS's. This constraint upon the data to be reflected in the future years of the PFP submission to the Bureau does not apply to PM's and Special Analytic Studies. These are decision-making documents which require full consideration of all relevant outputs, costs, and financing needs over the planning period used by the agency, and comprehensive examination of the benefits and costs of alternative approaches to resolving the issues. Such analysis requires an evaluation of the total scope of a proposed program and its anticipated benefits, and consideration of such factors as systems costs, marginal costs, and economic opportunity costs.

8. Timing and submission of PPB documents. PPB is a continuous process. Analytic work cannot produce once-and-for-all answers, nor can periodic planning and programming efforts produce a systematic and effective decision-making process. On the other hand, successive analyses within

the framework of an integrated PPB system which operates as part of the total management complex of the agency, can assist in producing successively better Government decisions and in responding to new initiatives and changing circumstances. The decisions to which PPB contributes are basically incorporated in two annual processes -- the budget and the legislative program of the President. It is necessary that the preparation and presentation of PPB documents fit the schedules for these two processes. The timing of PPB submissions and the actions involved in each time frame are outlined below.

a. Illustrative annual cycle for PPB submissions. The agency PPB system and related internal procedures should be geared to the following schedule:

In first quarter  
of calendar year

Bureau sends letters to agencies identifying Major Program Issues for which PM's are required and suggested Special Analytic Studies.

Agency provides Bureau with list of SAS's underway and planned.

February 15 through  
July 15

Agencies submit by February 15 PFP updated to reflect programs in President's Budget.

Agencies begin submission of draft PM's on a staggered schedule agreed upon by the Bureau and the agency.

March through  
August

Bureau works closely with agency staff who are preparing required PM's and SAS's, and reviews those documents for adequacy as a final submission.

July-September

Agency head makes final decision on his program recommendations.

Agency completes final PM's and related SAS's and revises PFP's -- adding one year and making the PFP conform to agency head's decisions.

Bureau responds to agencies on draft PM's submitted in response to issue letter.

September 30

Agency submits final PM's, SAS's as required, PFP, the annual budget, and the annual legislative program to the Bureau.

October-December

Bureau reviews agency submissions and recommends to the President; Presidential decisions made and communicated to agency.

January

President's budget is transmitted to the Congress.

Agency updates PFP to conform to that budget, for February 15 submission to the Bureau.

b. Copies required. Six copies of PM's, SAS's and PFP's should be submitted to the Bureau. Bureau staff may request additional copies.

9. Responsibility, staffing and training. Responsibility for the development and use of PPB systems rests with the head of each agency. Agency heads are requested to take such action as is necessary to insure that line managers participate in operation of the PPB system, and that they have available sufficient resources to insure participation in the development of PM's, SAS's, and PFP's.

Agencies will be called on to provide pertinent data on the results of resource allocation decisions made under PPB. The accounting system(s) of the agency should provide adequate support for the information utilized in operation of the PPB systems. Where the maintenance of specific accounts for program classifications is not justified as an efficient and practical approach, information for the past year may be developed through cost allocation or analysis techniques. In such cases there should be a technical note appended to the PFP to indicate the techniques used. Cost distribution practices should furnish a suitable basis for program decisions and provide managers concerned with reliable information.

Agency reporting systems should provide timely data on outputs and costs in budget execution, so that programs may be effectively carried out according to approved plans and related operating budgets. Such systems should be designed to provide data suited to the needs of managers at each level, and to furnish information useful for planning and programming in the next cycle of operations.

To make PPB a fully effective system, a general understanding of the methods and purposes of PPB must be generated throughout the agencies. Agencies are encouraged, therefore, both to make use of the various training and educational programs offered through the Civil Service Commission, and to establish internal orientation and training courses as appropriate.

CHARLES J. ZWICK  
Director

Attachments

AGENCIES TO WHICH THIS BULLETIN APPLIES

Section 1

Department of Agriculture  
Department of Commerce  
Department of Defense - separate submission for:  
    Military functions (including civil defense and military assistance)  
    Corps of Engineers, civil functions  
Department of Health, Education, and Welfare  
Department of Housing and Urban Development  
Department of the Interior  
Department of Justice  
Department of Labor  
Post Office Department  
Department of State (excluding Agency for International Development)  
Department of Transportation  
Department of the Treasury  
Agency for International Development  
Atomic Energy Commission  
Central Intelligence Agency  
General Services Administration  
National Aeronautics and Space Administration  
National Science Foundation  
Office of Economic Opportunity  
Peace Corps  
United States Information Agency  
Veterans Administration

Section 2

Civil Service Commission  
Federal Communications Commission  
Federal Home Loan Bank Board  
Federal Power Commission  
Federal Trade Commission  
Railroad Retirement Board  
Securities and Exchange Commission  
Small Business Administration  
Tennessee Valley Authority



## PFP GUIDANCE

The tables that comprise the Program and Financial Plan (PFP) include data on outputs, costs and their financing. This attachment presents guidance on the concepts to be applied in preparing the PFP. For the 1970 budget, this guidance is not mandatory for all agencies, but will apply in all respects to selected agencies which will be notified by the Bureau (see paragraphs 1 and 7a of the Bulletin). It is planned to apply this guidance to all agencies next year, subject to modifications suggested by the pilot applications. All agencies are encouraged to review this guidance carefully; apply it for the 1970 budget to the extent practicable; and make plans for mandatory application of the guidance next year.

1. Concept of outputs. Table I of the PFP submission is to display outputs, i.e., a quantitative measure of the end products or services produced by a program element. The types of outputs to be reflected in the PFP may differ from those to be considered in the PM's and Special Analytic Studies. The PFP is intended to reflect, for decisions reached, the outputs in relatively unambiguous terms. Outputs in these terms might include the number of B-52 squadrons, number of workers trained, etc. Such measures are useful for internal agency programming, although they do not measure the benefits of the program or progress against agency objectives.

PM's and Special Analytic Studies should reflect, for a given program element, a much broader concept of the benefits produced by the element. For example, PM's and Studies might consider ordnance on target for B-52 squadrons, or the impact of a training program upon worker earnings -- thus facilitating the comparison of either with other elements that produce similar benefits. Normally, however, there will be differences in output mixes, and special qualifications or breakouts required, which will make it difficult to express such measures in unambiguous terms in the PFP. In short, the PFP will normally reflect the outputs associated with decisions reached. An appreciation of the reasons for the decisions, and the relevant cost-benefits comparisons, will normally require recourse to PM's and studies.

However, if meaningful measures of achievement and effectiveness for a program are available, they should be displayed in the PFP, either on a separate line in Table I, properly identified, or by means of a supplementary table. In certain cases, such as research programs, where benefits are difficult to define, the best available quantitative non-financial descriptions of the program should be used.

In some cases -- a recreation program, for example -- costs in the PFP may best be related to the capacity of proposed recreation facilities,

and this might serve as the best output measure. Attainment of the objective of the program, however, may best be shown by a measure of the use of the facilities -- which is an important factor for decision-making. Both of these measures, therefore, are relevant and appropriate for presentation.

Agencies should strengthen their efforts to produce more suitable program measures -- particularly measures of program benefits, and measures that show the achievement of objectives. These are of prime importance for analysis and for making informed program decisions.

2. Concept of costs - the "program level". The financial information to be shown in Tables I and II of the PFP submission is to reflect the program level for each year in the respective classifications. In most cases, the best financial measure of program level will be budget authority. This includes, for example, lending authority for many loan programs; and new obligating authority for most operating programs, some construction projects, grant programs, and research activities - wherever such data are the most suitable indicator of the level of effort contemplated for the program.

There are a number of cases, however, where budget authority is not a good measure of program level because of the type of program and the nature of financing. In such cases, other measures should be used as appropriate, and they should be identified in the stub column of the PFP. Some examples include:

a. For construction and other projects financed on an incremental basis, the program level for the budget year should reflect the full amount to which the Government will in fact be committed for projects for which approval is requested in that year. For example, if a project will ultimately cost \$200 million, and if the first year budget authority would be \$40 million, the PFP should show for the budget year:

(1) A program level of \$40 million if, as a practical matter, the project could be stopped at that point.

(2) A program level of \$200 million if, as a practical matter, the project would have to be completed once begun.

(3) A program level between \$40 million and \$200 million if there is an interim stopping point.

b. In many trust funds, budget authority represents appropriated receipts -- which are not a good measure of the level of activity because not all receipts will be used under the planned program. In these cases budget outlays differ markedly from budget authority and should be used to show the program level.

c. In some loan and grant programs, available funds are reserved upon approval of an application. These reflect the program level better than budget authority and should be used in the PFP.

d. In some cases, the budget authority provided for a given year does not provide a good measure of program level for that year because of the application of unused balances from other fiscal years. For example, an agency may propose a \$50 million project to be financed from an unused prior-year appropriation, without use of any authority provided in the budget year. In such a case, the PFP should reflect a program level of \$50 million. If, in this situation, the project was estimated at a \$75 million total cost, with \$25 million drawn from authority requested in the budget year, the PFP should show a \$75 million program level in the budget year.

e. Another exception involves loan collections, sale of assets, and similar transactions - the proceeds of which are used to finance programs in lieu of budget authority. In the budget, these collections are sometimes applied at the appropriation or agency level, and sometimes as department-wide deductions. An example of the former is the sale of equipment to another government or agency, where the proceeds are credited to the appropriation which originally financed the acquisition of the equipment. In some loan programs, loan collections are offset against budget authority. Regardless of how they are treated in the budget, such transactions should not be netted from the program level for program elements in the PFP.

f. Some agencies, such as Post Office, parts of GSA, and certain support organizations in the Department of Defense, exist almost entirely to provide services for other agencies or the public, for which the performing agencies are paid. In cases such as these, the program classifications of the performing agency should reflect gross program levels, receipts earned, and net program levels. Agencies which levy user charges or realize proprietary receipts which are creditable against budget authority may follow this practice if the program level is in fact substantially determined by the volume of such charges or receipts.

Reimbursable work in general (e.g., provision of ADP services to another agency) may be treated in the manner just outlined or, at the agency's option, excluded from the PFP.

In cases where a program is financed by the Federal Government and others, the total program level for the element involved may be shown. If this is done, the non-Federal financing should be shown as a deduction at this point, so that the PFP will show the program level which the Federal Government is committed to finance.

The total program levels for the agency are to be reconciled, at the bottom of Tables I and II of the PFP, to total budget authority for each

year shown in the PFP. Total budget authority for the past year, current year, and budget year must agree with the three columns shown in the budget schedules. Bureau staff are available to assist in this reconciliation effort, and in identifying the most suitable measure of program level to be used for individual programs.

3. Concept of controllability - the "commitment classification". To improve the usefulness of financial information in the PFP for budgetary and planning purposes, a commitment classification is to be employed in Table II of the agency PFP submission. This classification will group financial data for programs according to the degree of control that can be exercised by the Executive Branch in the allocation of resources in the budget and future years (see illustrative table).

Program information should be based upon existing legislation, plus specific legislative proposals put forward by the President. Where activities are subject to annual legislative authorization, the data in the PFP may assume that such authorization will continue to be secured, in the form last approved by the President. Where programs have been authorized for a number of years, with the terminal date falling in the forecast period, renewal may be anticipated but this fact should be appropriately noted in Tables I and II.

The commitment classifications to be reflected in Table II of the PFP (illustrated at the end of this attachment) are defined in the following paragraphs.

a. Programs controlled by statutory formulae (Class 1). This classification brings together all programs where the recipients and the amount to be provided are specified in law. Examples include veterans' compensation and the social security trust funds. Program levels in future years will be based on projections of numbers of beneficiaries and other relevant factors. Programs should be placed in this classification only in clear cases where the budget provides for a specific or formula-related payment to all qualified recipients. Where the level of appropriation is in fact controlling, the program should be shown in Class 6.

b. Programs controlled by workload level (Class 2). This classification includes all programs where the work must be performed to meet specified needs, and the volume of the work in fact sets the requirements, as in the case of postal service. Program levels for future years will be based upon projections of workload and productivity changes. The use of this classification should be restricted to clear cases where the budget provides for a given quality of service to all qualified recipients. Where the level of appropriation is in fact controlling, the program should be shown in Class 6.

c. Market-oriented programs (Class 3). This classification includes programs in which the Government is committed to respond to market conditions. Generally, these are financed by permanent budget authority.

The major examples include interest on the public debt and agricultural price supports. The PFP will be accompanied by explanatory material indicating the key assumptions involved in the future-year projections and the probable range of estimates applicable to each year.

d. New programs requiring legislation (Class 4). This classification will group all new programs covered in the budget-year legislative program. Budget-year program levels will, as in other cases, be consistent with the budget. Future-year projections will be based upon the instructions for the commitment classification in which the program would otherwise belong: statutory formula, etc. If the program is of the type that will be controlled by the level of appropriations (see Class 6), equal amounts will be projected for each of the four future years, based upon the operating rate that will have been attained by the end of the budget year.

e. Administration commitments (Class 5). This classification will include programs to which the President has publicly and specifically committed the administration to changes, either for the budget year or future years. Future-year projections will be based upon this commitment. This should not include budget-year legislative proposals (Class 4).

f. Programs controlled by the level of appropriations (Class 6). This classification is to group all programs where the program level is in fact controlled by the level of appropriations. This involves cases, for example, where the amount of grants that could be paid to recipients under accepted standards exceed the amount available in the budget. Most grants, foreign assistance, and construction programs, and many research, service and lending programs are in this class. In all these cases, the programs will be projected in the PFP on a flat or declining trend, in accordance with the specific guidelines which follow, even though increases are projected in population supported or in other indices of program need. This classification will be subdivided into two parts.

(1). Construction and acquisition of major capital items (Class 6a). This will cover construction, the acquisition or improvement of real property, public works activities, and a significant change in capabilities or mode of operations which involves equipment of a high cost. In general, equipment to be reflected here should involve a 5-year cost of \$5 million or more for a given item, or closely-related family of items. Major proposals for modernization or mechanization should be included here, even though they involve support of programs otherwise included in the first three classes. Class 6a is not intended to include all equipment which may be reflected as capital items for accounting purposes -- for example, office equipment and furniture, commercial vehicles, and similar items acquired to support ongoing operations will normally be excluded.

The budget year program level for these capital items should reflect the full costs to which the Government would be committed if the proposal was approved, including costs that might be

financed from subsequent year budget authority (see paragraph 2a). The program level for such items beyond the budget year should be zero.

(2) Ongoing costs (Class 6b). This will cover ongoing costs and minor capital items for programs controlled by the level of appropriations. No increases will be shown beyond the budget year, but decreases will be shown where appropriate. Decreases would be appropriate, for example, where the legal basis will change during the forecast period; where a part of the basis for the program will disappear, as in the case of declining food surpluses; or where pilot or demonstration projects or improvement efforts will run their course.

The purpose of this commitment classification is to enhance the usefulness of the PFP as a tool in planning and decision-making, including the provision of meaningful agency-wide and Government-wide aggregates. It is not intended to be precise and accurate to the last detail. The PFP submission will include a summary of each agency's program level by commitment classes as illustrated in the accompanying table.

4. Guidelines for projections. Budget-year estimates in the PPB submissions will in all cases be consistent with the budget submission, for which guidance is provided in Bureau Circular No. A-11. The guidelines which follow relate to future-year projections.

a. General price levels and Federal pay rates. With respect to the direct Federal purchase of goods and services and employment, general price levels and pay rates should be projected for future years at the same levels as are used in the budget year.

b. Price levels and economic assumptions applicable to specific programs. A small number of Federal activities are heavily or totally dependent upon price and other movements in certain economic sectors. Examples include debt interest, agricultural price supports, and payments tied to the cost of medical services. In these cases, future-year projections should be based upon trends that are the most realistic in terms of the sector involved. The PFP estimate should be accompanied by explanatory material indicating the key assumptions involved in future-year projections, and the possible range of estimates applicable to each year.

c. Transfer payments that are related by statute to an economic index. These types of payments should be projected on the basis of the changes in the pertinent index. Examples include payments to retired personnel that are automatically adjusted with movements in the consumer price index. The projection should be based on the assumption that the average annual change for the most recent five years will continue.

d. Receipts. To the extent that agency receipts are a significant factor in developing the PFP data or in making projections, appropriate explanatory material should be submitted with the PFP. For example, in cases where the volume of trust fund outlays for an agency exceeds \$100 million annually, a projection of trust fund receipts should be included with the PFP submission. Such projection should also be prepared in any case where proprietary receipts exceed \$100 million annually.

- Receipts from employment taxes should reflect changes in covered employment and average earnings. Tax rates should be those provided in existing law, or in any amendments proposed by the President.
- The effect of price movements in specific sectors, as mentioned above, should also be reflected in receipt estimates.
- Estimates for premiums received and similar items should be consistent with the program projections -- if the program projection would imply an increase or decrease in premiums, this should be reflected even if statutory authority is required.
- Receipt estimates based on postal and other rates fixed in law should be projected on the basis of existing law or amendments proposed by the President, recognizing projected workload changes. For those rates which can be altered administratively, receipts should be projected on a basis consistent with workload and cost projections.
- User charges should be included where now authorized, or as proposed by the President. Where the legal basis for such charges, or other receipts, will expire during the forecast period, renewal should be assumed unless this would clearly be inconsistent with other assumptions in the PFP.

In all other cases where the PFP reflects changes in price indices and other economic assumptions, concise explanatory material should be included with the PFP. In addition, there should also be submitted with the PFP information bearing on any significant financial matters related to the programs shown in the basic tables. Examples include information on large unobligated balances and data on purchase and sale of non-Federal securities.

## DEPARTMENT OF GOVERNMENT

## PROGRAM LEVEL BY SUBCATEGORY

(In millions of dollars)

	1968 actual	1969 est.	1970 est.	1971 est.	1972 est.	1973 est.	1974 est.
1. Military applications:							
Intelligence .....	248	260	255	210	195	190	188
Communications .....	160	190	205	210	215	215	212
Total, military applications .....	408	450	460	420	410	405	400
2. Space applications:							
Propulsion .....	121	90	75	70	65	60	63
Navigation .....	91	111	114	84	96	105	108
Total, space applications .....	212	201	189	154	161	165	171
Total program level, Department of Government .....	620	651	649	574	571	570	571
Increase or decrease (-) in unobligated balance .....	174	-61	-26	26	-	10	-
Unobligated balance lapsing .....	5	3	-	-	-	-	-
Increase (-) or decrease in unobligated loan commitments .....	-5	-8	6	2	-	5	-
Budget year construction program to be financed from subsequent budget authority .....	xxx	xxx	-120	50	40	30	-
Current and prior years construction programs for which budget authority is necessary in future years .....	xxx	xxx	30	20	10	-	-
Loan collections .....	-20	-25	-28	-31	-31	-34	-35
Purchase or sale (-) of non-Federal securities .....	100	-50	-	-	-	-	-
Intragovernmental transactions .....	-5	-6	-8	-8	-9	-10	-10
Total budget authority, Department of Government .....	869	504	503	633	581	571	526



	<u>1968</u> <u>actual</u>	<u>1969</u> <u>est.</u>	<u>1970</u> <u>est.</u>	<u>1971</u> <u>est.</u>	<u>1972</u> <u>est.</u>	<u>1973</u> <u>est.</u>	<u>1974</u> <u>est.</u>
Program level by commitment class:							
1. Statutory formula .....	388	381	376	367	340	338	343
2. Workload level .....	48	51	55	59	62	63	64
3. Market-oriented programs .....	25	28	15	8	10	15	5
4. New programs requiring legislation .....	-	-	10	20	40	45	50
5. Administration commitments .....	-	-	5	10	10	-	-
6a. Level of appropriations: capital acquisitions ..	48	72	76	-	-	-	-
6b. Level of appropriations: ongoing .....	<u>111</u>	<u>119</u>	<u>112</u>	<u>110</u>	<u>109</u>	<u>109</u>	<u>109</u>
Total program level, Department of Government .....	<u>620</u>	<u>651</u>	<u>649</u>	<u>574</u>	<u>571</u>	<u>570</u>	<u>571</u>

Incl of 68-2

UNCLASSIFIED		CONFIDENTIAL		SECRET	
OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS		DATE		INITIALS
STAT			11 June		JS
2			13 June		OK
3					
4					
STAT	file				
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks:					
STAT	<p>OK [redacted] = Please make a copy of this. Then let's talk more about its meaning, if, in fact, Zurich really means it [redacted]</p>				
STAT					
FOLD HERE TO RETURN TO SENDER					
FROM: NAME, ADDRESS AND PHONE NO.				DATE	
Jmc					
UNCLASSIFIED		CONFIDENTIAL		SECRET	

**MEMORANDUM FOR: Roy & Gene**

This seems to further the points made in our discussion for more analysis of the ~~in~~ ingredients of specific programs during period July thru November.

JMC

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(DATE)

*This seems to follow the points made in our discussion for most of the ingredients of specific programs during period July - the November.*

COMMENTARY ON RECENT DEVELOPMENTS IN THE  
PLANNING, PROGRAMMING, AND BUDGETING SYSTEM

By Charles J. Zwick  
Director, Bureau of the Budget

I. PRINCIPAL CHANGES IN PLANNING, PROGRAMMING AND BUDGETING  
(PPB) GUIDELINES *enc*

The purposes of the recently redrafted PPB Guidelines (BOB Bulletin 68-9, April 12, 1968) were to:

1. Permit agencies and the Bureau an opportunity to consolidate the progress made in developing and introducing the PPB System in the past two years.
2. Clarify aspects of earlier guidance (Bulletin 68-2, July 13, 1967) and to place greater emphasis on the need for analysis to support program decisions.
3. Encourage further integration of program and appropriation structure.
4. Initiate a test of five-year projection procedures to improve future guidelines in this area.

Considering each of the above separately:

1. Consolidate Progress

The principal object of PPB, has been and is to subject decisions about resource allocation to systematic analysis, comparing alternative courses of action in a framework of national objectives clearly and specifically stated. Since the inception of the system in the civilian agencies, much of the PPB effort has had to be invested in developing and adapting the procedures and organizational arrangements needed. As

in any significant change in a management process, those most affected by the change need time to assimilate not only different ways of thinking about issues but also the new organizational units created and procedures used.

An important aim of Bulletin 68-9 (Attachment 1) is, therefore, to provide agencies the opportunity, during this year, to accommodate to these changes and to increase emphasis on the application of analysis to current issues. To do this we have made as few changes in procedures as possible.

## 2. Clarify Earlier Guidance

The principal clarification concerns the requirement to submit Program Memoranda to the Bureau of the Budget. Under Bulletin 68-9, the requirement is limited to program categories within which major program issues have been identified. This is to emphasize further the requirement stated in Bulletin 68-2 that the Program Memoranda are to be decision documents, focused on important issues that are stated in terms of the options among which choice is necessary, and explaining the recommended choices in terms of comparisons among the alternatives. The comparisons are to be based on an exposition of the relevant national objectives and to draw upon the conclusions of relevant analytic studies. Detailed reports of analytic studies are to accompany the Program Memoranda.

We anticipate growth over time in the ability of the agencies to formulate and analyze major program issues. As this occurs, the PM's will become increasingly comprehensive and authoritative statements of program strategy for the program categories they cover. They are therefore a critically important element of the PPB System.

## 3. Encourage Integration of Program and Appropriations Structure

Bulletin 68-9 reflects recognition that a "two-track system" -- one geared to program analysis and a

separate one to appropriations -- may result in confusion and an undue burden of effort on both agency and Bureau staff now involved in working with similar data in both systems. In Bulletin 68-9 we have, therefore, asked that agencies consider changes in their program structures to assist in integrating program and appropriations structure, where such changes will not impair the usefulness of the program structure for analysis and program decisions.

A prime purpose of PPB is to bring to bear on specific program issues analyses of the cost and effectiveness of alternative ways of achieving national objectives. Our intention is that decisions on these issues will be reflected in specific budget decisions. To ease the process of incorporating decisions made in program terms into budget requests made in appropriation terms, agencies are asked to consider changes in appropriations and program structure and in internal organization and procedures through which greater integration of the two classification systems might be effected.

#### 4. Test of Projection Procedures

Last year, the Program and Financial Plans, the multi-year planning element of the PPB process, in most cases presented agency views of the future costs of their programs based upon full funding of programs and assumptions about new program starts. While these forecasts have some uses for internal agency planning, future program levels will be responsive to a changing and uncertain environment and to future decisions. so that any single estimate will be unreliable. Current decisions, however, have relatively predictable future implications and, Bulletin 68-2 had asked that PFP projections of program costs reflect only those future costs to which we were committed by decisions taken to date. It was recognized at that time, however, that substantial additional work would be necessary to define what we meant by commitment, in sufficient detail to produce consistent, useful projections.

Attachment B of Bulletin 68-9 is the result of effort by the Budget Bureau to develop guidance on PFP preparation which more specifically defines commitment. Two factors bearing on the applicability of our instructions to agencies became apparent during the preparation of this guidance.

(1) A mandatory and universal change in the method for preparing PFPs -- particularly the adoption of a new classification system -- would have imposed a heavy burden on the process. This would have conflicted with our major objective of consolidating the progress made in program analysis over the past two years.

(2) A classification of commitments applicable to all PPB agencies and sufficiently simple to be useful, must be developed on a pragmatic basis, and will probably require some modification by trial and error. ✓

Both factors argue against the promulgation of a requirement that all agencies adopt the scheme this year. We have, therefore, issued the new PFP guidance (Attachment B of BOB Bulletin 68-9) to be used by a few agencies which elect to follow the guidance. It is our intention to work closely with these agencies (none of whom are in the Foreign Affairs area) in order to produce good forecasts of commitment levels for those agencies. More important, we hope to learn enough about the variations in program activities, financing methods, and other factors to develop better guidelines for PFP projections next year. As BOB Bulletin 68-9 announces, those guidelines will then be mandatory for all agencies.

## II. THE STATUS OF PPB IN THE FOREIGN AFFAIRS AREA

I have reviewed the testimony before your Subcommittee, last fall, by my predecessor, Charles Schultze, and I am in substantial agreement with the views he expressed on the role and prospects for PPB in the foreign affairs area.

It might be useful to the Subcommittee if I were to indicate the progress we are making on the two limited steps which he said the Budget Bureau and the State Department would jointly take on foreign affairs programming. Because of our concern for the complexities of the problems, we are moving forward pragmatically and deliberately.

First, we have systematically consulted with the State Department's Regional Assistant Secretaries on interagency program issues arising out of agency PPB submissions during our formal budget review last fall. We found the consultations useful in dealing with the issues, and we believe we have initiated a dialogue that can be continued in future cycles.

Second, we are developing on an experimental basis some interagency papers for individual countries, dealing with U.S. objectives and the resources of the major foreign affairs agencies devoted to achieving the objectives. We anticipate that we will want to continue this experimentation and learn from it.

✓ In the case of the Latin American region, the State Department and the agencies are continuing to develop Country Analysis and Strategy Papers, drafted in the Embassies and reviewed by the Interdepartmental Regional Group in Washington. These Papers are providing guidance to the agencies and the Embassies as they develop their individual programs and budget requests.

4:00



68-0376  
68-0612

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON, D.C. 20503

OFFICE OF  
THE DIRECTOR

JUN 1 1968

Honorable Richard Helms  
Director of Central Intelligence  
McLean, Virginia 22101

Dear Dick:

Enclosed for your information is a comparison of Bureau of the Budget Bulletin 68-9 with the previous version, Bulletin 68-2. These bulletins provide guidelines for the PPB system. The comparison was made at the request of Senator Jackson.

I would, of course, be pleased to receive any comments you wish to make.

Sincerely,

*Charles J. Zwick*

Charles J. Zwick  
Director

Enclosure

Declassified in Part - Sanitized Copy Approved for Release 2013/07/18 : CIA-RDP06M00944R000200060001-9

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**EXECUTIVE OFFICE OF THE PRESIDENT**

**BUREAU OF THE BUDGET**

WASHINGTON, D.C. 20503

**BULLETIN NO. 68-8**

**February 14, 1968**

**TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT: Reduction of official travel overseas**

1. Purpose and policy. In a memorandum of January 18, the President directed the heads of departments and agencies to reduce U. S. official travel overseas to the minimum consistent with the orderly conduct of the Government's business abroad. This Bulletin provides further instructions to assure that the President's objectives are fully met:

The President intends that agency heads will apply the strictest feasible interpretation to "the minimum consistent with the orderly conduct of the Government's business abroad." Each agency head should take as his objective a reduction of 25% in the overseas travel within the scope of the directive. Particular attention will be given to international conferences overseas and to attendance at other meetings abroad. Agency heads will take additional appropriate steps to restrict overseas travel by persons under contracts with or grants from their agencies.

Overseas travel covers all travel outside the United States and its territories, including travel to and from Canada and Mexico.

Agency heads will submit revised travel plans and quarterly reports to the President, through the Bureau of the Budget, as provided for in this Bulletin.

2. Plan for travel to international conferences overseas. No later than March 1, each executive branch agency will submit its plan for travel to international conferences overseas through fiscal year 1969 to the Office of International Conferences, Department of State. The plan will be prepared in accordance with the instructions in Attachment A. Negative reports will be submitted by those agencies whose personnel do not attend international conferences overseas.

The plan will reflect maximum implementation of the President's orders to:

- Reduce the number of conferences attended;
- Hold attendance to a minimum and use U. S. personnel located at or near conference sites to the extent possible;

- Schedule conferences, where possible, in the U. S. or countries in which excess currencies can be used.

3. Overall plan for overseas travel. No later than March 15, each executive branch agency will submit to the President, through the Bureau of the Budget, a plan encompassing all of its overseas travel through fiscal year 1969. The plan will be prepared in accordance with the instructions in Attachment B. It will include a narrative statement describing the actions taken by the agency head to reduce all types of overseas travel, the results expected from such actions, and recommendations as to any additional measures that might be taken. Negative reports will be submitted by those agencies which have no overseas travel.

Without awaiting any response to the submission of the plan, each agency head should take necessary measures, including the following:

- a. Tighter controls over travel authorizations, including screening of overseas trips by appropriately high echelons of management;
- b. Designation of a central point for information, planning, and monitoring of overseas travel;
- c. Reduced attendance at meetings abroad;
- d. Greater use of more rapid transportation and other steps to avoid loss of time en route;
- e. Greater use of less-than-first-class accommodations;
- f. Greater use of American carriers; and
- g. Maximum use of excess foreign currencies.

4. Quarterly reports. Within 45 days after the end of the reporting period, each executive branch agency will submit to the President, through the Bureau of the Budget, a report summarizing actual overseas travel costs as compared with the agency's travel plan. The reports will be prepared in accordance with the instructions in Attachment C.

CHARLES J. ZWICK  
Director

Attachments

ATTACHMENT A  
Bulletin No. 68-8

INSTRUCTIONS FOR PREPARING PLAN FOR TRAVEL  
TO INTERNATIONAL CONFERENCES OVERSEAS

An original and four copies of a report in the form of Exhibit 1 and an optional narrative statement, or a negative report from agencies whose personnel attend no international conferences overseas, will be prepared by each executive branch agency and submitted to the Office of International Conferences, Department of State, by March 1, 1968. Mr. J. F. Donelan, Code 182, extension 4591, will be available to answer questions and provide advice with respect to preparation of the report.

1. Scope.

a. This review will cover all multilateral intergovernmental conferences held outside of the U. S. and its territories in which the United States participates as a Government and in which one or more officially accredited participants (not necessarily from the reporting agency) attend on behalf of the U. S. Government.

b. All Government-financed attendants will be included (delegates, advisers, observers, visitors) whether government employees or not, and whether they are based in the United States or overseas. This includes official personnel stationed in the country, or city, in which the conference is held.

c. Where a participant in an international conference visits other locations on the same trip, he will be included in the number reported attending the conference, and the entire cost of his trip will be included.

d. This report will cover all travel administered by the reporting agency, including travel financed by reimbursements and allocations from other agencies. It will not include travel to conferences financed from the State Department appropriation "International conferences and contingencies."

2. Exhibit 1. The purposes of this Exhibit are (a) to identify the degree and cost of participation in international conferences overseas for fiscal years 1967-9 as estimated in the 1969 budget; and (b) to reflect actions taken to reduce such travel in response to the President's instructions.

Exhibit 1 will present the international conference travel plan for the reporting agency in total. No itemization by internal organizations or appropriations is required, but agencies may submit separate forms for individual bureaus. In such cases, a departmental summary of Exhibit 1 will also be submitted.

Part I will present conference attendance. The stub column will list each conference attended in 1967 and each conference expected to be attended in 1968 and 1969. Individual conferences will be grouped by the sponsoring international organization or general purpose. Where a conference recurs annually in much the same form, one general descriptive stub entry will be used for all years, instead of a separate stub entry for each year's conference. Numbers of personnel attending conferences will be divided between officially accredited participants and all other persons attending.

Part II will show the total travel cost of participation in international conferences overseas, first as reflected in the 1969 budget and then pursuant to the agency head's revised plan. In most cases, the revised plan should reflect a 25% reduction in conference travel financed from dollars during the second half of 1968 and all of 1969.

Line 1 will represent obligations or costs financed from the following countries' currencies, which have been designated as excess for 1967, 1968, and 1969:

Burma	Israel
Ceylon	Pakistan
Congo (Kinshasa) (1967 and 1968 only)	Poland
Guinea	Tunisia
India	United Arab Republic (Egypt)
	Yugoslavia

Line 2 will represent obligations in dollars and in nonexcess currencies.

Part II must be consistent with line 1 of Parts B and C of Exhibit 2.

3. Narrative statement. A narrative will be submitted, if needed, to explain proposed actions that may not be apparent in the Exhibit.

PLAN FOR TRAVEL TO  
INTERNATIONAL CONFERENCES OVERSEAS

[NAME OF AGENCY]

I. Number attending conference

Individual conferences (grouped by international organization)	1969 Budget						Revised Plan			
	<u>1967 Actual</u>		<u>1968 Estimate</u>		<u>1969 Estimate</u>		<u>1968 Estimate</u>		<u>1969 Estimate</u>	
	Accred- ited	Others	Accred- ited	Others	Accred- ited	Others	Accred- ited	Others	Accred- ited	Others

Total

II. Obligations or costs (In thousands of dollars)

	1969 Budget			Revised Plan	
	<u>1967 Actual</u>	<u>1968 Estimate</u>	<u>1969 Estimate</u>	<u>1968 Estimate</u>	<u>1969 Estimate</u>

- 1. Excess  
Foreign currencies
- 2. U. S.  
Dollars

Total

ATTACHMENT B  
Bulletin No. 68-8

INSTRUCTIONS FOR PREPARING OVERALL PLAN FOR OVERSEAS TRAVEL

An original and four copies of a plan in the form of Exhibit 2 and a narrative statement, or a negative report from agencies with no overseas travel, will be prepared by each executive branch agency and submitted to the President, through the Bureau of the Budget, by March 15. Mr. Gordon D. Osborn, Code 103, extension 4850, will be available to answer questions and provide advice with respect to preparation of the plan.

1. Exhibit 2. The purposes of this Exhibit are (a) to identify within the agency's total travel program for the fiscal years 1967-1969 as shown in the 1969 budget the portion to be analyzed under this Bulletin; (b) to reflect actions taken to reduce travel in response to the President's instructions (including reductions in travel to international conferences overseas as reported to the Department of State under Attachment A); and (c) to provide a quarterly operating plan as a basis for periodic progress reports (see Attachment C).

A further purpose is to obtain additional data on travel in 1967. To this end, parenthetical stub entries in parts A and B will show the actual numbers of overseas trips in 1967, and 1967 dollar obligations in Part B will be footnoted to show payments to American carriers.

Exhibit 2 will present agency totals. No itemization by internal organizations or appropriations is required, but agencies may submit separate forms for individual bureaus. In such cases, a departmental summary of Exhibit 2 will also be submitted.

Part A will derive from the total travel amounts shown in the 1969 budget those amounts to be analyzed under this Bulletin.

Line 1 will include all obligations or costs for object class 21 which are administered by the reporting agency. Generally this will include travel financed by reimbursements and allocations received from other agencies. The total amounts included in each column from reimbursements and from allocations should be identified separately in a footnote.

Line 2 will represent travel entirely within or between the United States and its territories.

Line 3 will include all travel which originates or terminates at or includes any point outside the United States or its territories.



Line 4 represents travel costs inherent in permanently assigning personnel overseas. These include permanent change of station travel, home leave, dependents' education travel, emergency travel, and medical, rest, and recuperative travel.

Line 5 represents all other types of overseas travel, including temporary details, travel to international conferences overseas as reported in Exhibit 1, attendance at other meetings, and field trips. Travel by personnel stationed permanently overseas is included, whether within their country of assignment or elsewhere, as well as travel overseas by personnel based in the United States or its territories.

Part B will distribute the budget program of overseas travel by purpose and financing.

Column 2 should represent actual obligations or costs for the first half of 1968.

Lines 1a and 2a will represent obligations or costs financed from the following countries' currencies, which have been designated as excess for 1967, 1968, and 1969:

Burma	Israel
Ceylon	Pakistan
Congo (Kinshasa) (1967 and 1968 only)	Poland
Guinea	Tunisia
India	United Arab Republic (Egypt)
	Yugoslavia

Lines 1b and 2b will represent obligations in dollars and in non-excess currencies.

Lines 1a and 1b should be consistent with Part II of Exhibit 1.

Part C will reflect the actions the agency head has taken to reduce overseas travel (but not the steps he recommends but cannot take on his own authority--see Part Two of the narrative statement).

Column 1 should reflect the President's objective of a 25% reduction in dollar obligations below the amounts shown as budgeted for the second half of 1968 in Part B. This amount will not be divided to show quarters, because the third quarter will have elapsed before the plan has been reviewed. Columns 2-6 should reflect the objective of a 25% reduction in dollar obligations below the total 1969 program shown as budgeted in Part B. The reduced amounts are not intended to include additional travel made necessary by measures to reduce U. S. employment overseas. A revised plan may be submitted after this additional requirement has been determined.

Lines 1a and 1b should be consistent with Part II of Exhibit 1.

2. Narrative statement. The narrative will have two parts:

Part One will describe the actions the agency head has taken to reduce travel and the results expected in 1968 and 1969 (including a brief summary of actions with respect to international conferences reported under Attachment A). The narrative will cover the specific actions taken to reduce attendance at meetings abroad. Estimates of savings resulting from individual actions should be provided wherever possible.

Part Two will list steps which the agency head recommends but which he cannot take himself because of the requirements of law, executive branch policy, or regulations or practices of other agencies. Estimates of savings for the recommending agency or for the entire Government should be provided wherever possible.

3. Revised travel plan. A revised Exhibit 2 may be submitted when required by significant new developments, such as the enactment of 1969 appropriations or the determination of travel requirements associated with the reduction of U. S. employment overseas. A narrative statement should explain the changes from the original plan.

OVERALL PLAN FOR OVERSEAS TRAVEL  
Obligations or Costs. In thousands of dollars.

[NAME OF AGENCY]

A. <u>DERIVATION OF APPLICABLE OVERSEAS TRAVEL AMOUNTS FROM 1969 BUDGET</u>		1967	1967	1968	1969
trips:			actual	estimate	estimate
1. Total travel (object class 21)					
2. Deduct: Domestic travel					
3. Overseas travel		( )			
4. Deduct: Permanent change of station and related travel		( )			
5. Overseas travel (less deductions, line 4)		( )			
B. <u>DISTRIBUTION OF APPLICABLE BUDGETED AMOUNTS (line 5):</u>		1967	1968 estimate		1969
		actual	First half actual	Second half estimate	estimate
				Total	
1. International conferences overseas		(1)	(2)	(3)	(4)
a. Excess currencies		( )			(5)
b. U.S. dollars		( )			
Subtotal		( )			
2. Other overseas travel					
a. Excess currencies		( )			
b. U.S. dollars		( )			
Subtotal		( )			
Total		( )			
C. <u>AGENCY HEAD'S PLAN</u>		1968	1969		
		Second half	First quarter	Second quarter	Third quarter
					Fourth quarter
					Total
1. International conferences overseas		(1)	(2)	(3)	(4)
a. Excess currencies					(5)
b. U.S. dollars					(6)
Subtotal					
2. Other overseas travel					
a. Excess currencies					
b. U.S. dollars					
Subtotal					
Total					
a/ Includes \$		in payments to American carriers.			
b/ Includes \$		in payments to American carriers.			

ATTACHMENT C  
Bulletin No. 68-8

INSTRUCTIONS FOR PREPARING QUARTERLY  
REPORT ON OVERSEAS TRAVEL

An original and four copies of a report in the form of Exhibit 3 will be prepared by each executive branch agency which has previously submitted an overall travel plan (Exhibit 2) and submitted to the President, through the Bureau of the Budget, within 45 days of the close of the reporting period covered. Mr. Gordon D. Osborn, Code 103, extension 4850, will be available to answer questions and provide advice with respect to preparation of the reports.

1. Exhibit 3. The purpose of this Exhibit is to compare actual costs or obligations for overseas travel with the agency head's plan (Exhibit 2). Reports will follow the same concepts as the plan, and the first two columns of the report will be consistent with appropriate columns of the plan. Total actual obligations or costs reported for international conference and other overseas travel should be based insofar as feasible on accounting records, but the distribution between excess currencies and dollars may be estimated.

Stub entries will be the same as on the agency plan. Columnar headings will compare actual experience for the reporting period just ended and for the fiscal year to date with the plan for these periods.

The 1968 report will cover actual experience in the second half of the fiscal year.

The 1969 reports will be prepared quarterly.

2. Narrative statement. A narrative will be required when dollar costs or obligations for any period just ended exceed the estimate in the agency plan, or where the agency may wish to provide additional information.

QUARTERLY REPORT ON OVERSEAS TRAVEL

[NAME OF AGENCY].

Columnar Headings for 1968 Report

<u>Agency Plan</u>		<u>Actual Costs or Obligations</u>		<u>Actual less Plan</u>	
<u>Jan-June</u>	<u>1968 total</u>	<u>Jan-June</u>	<u>1968 total</u>	<u>Jan-June</u>	<u>1968 total</u>
(1)	(2)	(3)	(4)	(5)	(6)

Stub entries

- 1. International conferences overseas
  - a. Excess foreign currencies
  - b. U. S. dollars
  - Subtotal

Columnar Headings for 1969 Quarterly Reports 1/

- a. Excess foreign currencies
- b. U. S. dollars
- Subtotal

<u>Agency Plan</u>		<u>Actual Costs or Obligations</u>		<u>Actual less Plan</u>	
<u>Quarter</u>	<u>1969</u>	<u>Quarter</u>	<u>1969</u>	<u>Quarter</u>	<u>1969</u>
<u>just ended</u>	<u>cumu-lative</u>	<u>just ended</u>	<u>cumu-lative</u>	<u>just ended</u>	<u>cumu-lative</u>
(1)	(2)	(3)	(4)	(5)	(6)

Grand Total

1/ Even-numbered columns may be omitted from the 1st quarter report, since they will be identical with the odd-numbered columns.

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-7

February 3, 1968

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Report on overseas personnel

1. Purpose. This Bulletin provides instructions for preparing and submitting a one-time report on employment overseas.

2. Background. On January 18, 1968, as part of his program for dealing with the balance of payments problem, the President sent memorandums to the Secretary of State and the Director of the Bureau of the Budget and to the heads of agencies directing them to undertake a four-step program to reduce U. S. employees overseas.

The Senior Interdepartmental Group (SIG), which assists the Secretary of State in the overall direction, coordination, and supervision of interdepartmental activities overseas, is the focal point for carrying out the President's directives. It has established a special Review Panel composed of a senior representative of each of the principally affected agencies. The Review Panel is co-chaired by representatives of the State Department and the Bureau of the Budget.

The President's directives encompass all employees of the U. S. overseas who are under the supervision of an Ambassador. They include not only the personnel of the Department of State and the Foreign Service, but also the representatives of all other United States agencies which have programs or activities in the country. Specifically included are the Defense Attaches, Military Assistance Advisory Groups, Military Groups, and other military components attached to the Diplomatic Mission. Military forces operating in the field under the command of a United States area military commander are excluded.

Specifically excepted from the directive are personnel in Vietnam and trust fund local employees.

The base for calculating reductions is the actual on-board strength as of December 31, 1967.

3. Report. To assist in the overseas personnel reduction effort, agencies of the executive branch are requested to send to the Bureau of the Budget by February 15, 1968, an original and four copies of a

report on "American and Foreign National Personnel under Jurisdiction of U. S. Ambassadors Overseas, as of December 31, 1967." The instructions and format for the preparation of the report are set forth in Attachment A and Exhibit 1 of this Bulletin.

PHILLIP S. HUGHES  
Acting Director

Attachment

ATTACHMENT A  
Bulletin No. 68-7

INSTRUCTIONS FOR THE REPORT ON AMERICAN AND FOREIGN  
NATIONAL PERSONNEL UNDER THE JURISDICTION OF U. S.  
AMBASSADORS OVERSEAS AS OF DECEMBER 31, 1967

1. Preparation of the report. An original and four copies of a one-time report on American and foreign national personnel overseas should be prepared by each executive branch agency and submitted to the Bureau of the Budget by February 15, 1968, using the form of Exhibit 1. Mr. Edward A. Grove, Jr., Code 103, Extension 4580, will be available to answer questions and provide advice with respect to preparation of the report.

2. Coverage. Personnel to be covered in the report are those under the jurisdiction of the U. S. Ambassadors (as defined in Section 2 of this Bulletin) in each (A) foreign country, (B) dependent territory or colony, and (C) mission to an international organization, as listed in Exhibit 1. Although the President's directives have excluded personnel in Vietnam from the reduction steps, agencies should report employment figures for Vietnam to permit worldwide totals.

Direct-hire personnel (excluding trust fund local employees) regularly assigned to the country, territory, or mission as of December 31, 1967, should be reported. While the President's directive calls for reductions in contract personnel overseas similar to reductions to be made in American direct-hire personnel, this report does not seek data on contract personnel.

Column (1) is for American citizen civilian employees; Column (2) is for American military personnel; Column (3) is for the sum of Columns (1) and (2); Column (4) is for foreign national employees.

In counting American citizens and local employees for country totals, the same rules are to be applied as those used in compiling the "Monthly Report of Federal Civilian Employment," SF-113A. For most agencies, the totals of Columns (1) and (4) at Line D of Exhibit 1 should equal Lines 6 and 7, respectively, of Column C of the agency's December 31, 1967, SF-113A. If they are not equal, agencies are requested to make a reconciliation in the Comments portion E of Exhibit 1.

Peace Corps volunteers will not be counted, but Peace Corps administrative and other staff overseas will be included.



In order to avoid double counting, employees working overseas under a Participating Agency Service Agreement (PASA) or similar agreement will be counted in the personnel figures of the using agency (e.g., the Agency for International Development), not in the figures of the agency from which such personnel are detailed. They will be separately reported by the using agency in Column (1) in parentheses to the right of the whole number of American civilian employees of that agency reported in the country, territory, or mission, with appropriate footnote showing the agency from which detailed.

The Department of Defense report should include all American military and civilian personnel and foreign national employees of the Defense Department attached to the U. S. Diplomatic Mission (Defense Attaches, Military Assistance Advisory Groups, Military Groups, Marine Guards, and any other military components under jurisdiction of the Ambassador). American military and civilian personnel and foreign national employees under U. S. military commands abroad are to be excluded.

If an agency has no personnel overseas covered by this report, a brief negative report to that effect is requested.

Any reports containing classified information should be classified as appropriate.

Exhibit 1  
Bulletin No. 68-7

AMERICAN AND FOREIGN NATIONAL PERSONNEL UNDER  
JURISDICTION OF U. S. AMBASSADORS OVERSEAS  
AS OF DECEMBER 31, 1967

(Agency)				
	(1) <u>American Civilian Employees</u>	(2) <u>American Military Personnel</u>	(3) <u>Total American Personnel</u>	(4) <u>Foreign National Employees</u>
A. <u>Foreign Countries</u>				
1. Afghanistan				
2. Algeria				
3. Argentina				
4. Australia				
5. Austria				
6. Barbados				
7. Belgium				
8. Bolivia				
9. Botswana				
10. Brazil				
11. Bulgaria				
12. Burma				
13. Burundi				
14. Cameroon				
15. Canada				
16. Central African Republic				
17. Ceylon				
18. Chad				
19. Chile				
20. China				
21. Colombia				
22. Congo (K)				
23. Costa Rica				
24. Cyprus				
25. Czechoslovakia				
26. Dahomey				
27. Denmark				
28. Dominican Republic				
29. Ecuador				
30. El Salvador				

	(1) <u>American Civilian Employees</u>	(2) <u>American Military Personnel</u>	(3) <u>Total American Personnel</u>	(4) <u>Foreign National Employees</u>
31. Ethiopia				
32. Finland				
33. France				
34. Gabon				
35. Gambia, The				
36. Germany				
37. Ghana				
38. Greece				
39. Guatemala				
40. Guinea				
41. Guyana				
42. Haiti				
43. Honduras				
44. Hungary				
45. Iceland				
46. India				
47. Indonesia				
48. Iran				
49. Ireland				
50. Israel				
51. Italy				
52. Ivory Coast				
53. Jamaica				
54. Japan				
55. Jordan				
56. Kenya				
57. Korea				
58. Kuwait				
59. Laos				
60. Lebanon				
61. Lesotho				
62. Liberia				
63. Libya				
64. Luxembourg				
65. Malagasy Republic				
66. Malawi				
67. Malaysia				
68. Mali				
69. Malta				
70. Mexico				
71. Morocco				
72. Nepal				
73. Netherlands				
74. New Zealand				
75. Nicaragua				

	(1) <u>American Civilian Employees</u>	(2) <u>American Military Personnel</u>	(3) <u>Total American Personnel</u>	(4) <u>Foreign National Employees</u>
76. Niger				
77. Nigeria				
78. Norway				
79. Pakistan				
80. Panama				
81. Paraguay				
82. Peru				
83. Philippines				
84. Poland				
85. Portugal				
86. Romania				
87. Rwanda				
88. Saudi Arabia				
89. Senegal				
90. Sierra Leone				
91. Singapore				
92. Somali Republic				
93. South Africa				
94. Southern Yemen				
95. Spain				
96. Sudan				
97. Sweden				
98. Switzerland				
99. Tanzania				
100. Thailand				
101. Togo				
102. Trinidad/Tobago				
103. Tunisia				
104. Turkey				
105. Uganda				
106. United Arab Republic				
107. United Kingdom				
108. USSR				
109. Upper Volta				
110. Uruguay				
111. Venezuela				
112. Vietnam				
113. Yugoslavia				
114. Zambia				

Subtotals

	(1) <u>American Civilian Employees</u>	(2) <u>American Military Personnel</u>	(3) <u>Total American Personnel</u>	(4) <u>Foreign National Employees</u>
<b>B. <u>Dependent Territories and Colonies</u></b>				
1. Angola				
2. Azores				
3. Bahamas				
4. Bermuda				
5. British Honduras				
6. Fiji Islands				
7. French West Indies				
8. Hong Kong				
9. Jerusalem				
10. Mauritius				
11. Mozambique				
12. Netherlands Antilles				
13. Southern Rhodesia				
14. Surinam				
15. Swaziland				
Subtotals				

**C. U. S. Missions to International Organizations.**

1. Permanent Representatives to UNESCO - Paris				
2. U. S. Mission to the European Communities - Brussels				
3. U. S. Mission to IAEA - Vienna				
4. U. S. Mission to ICAO - Montreal				
5. U. S. Mission to NATO - Brussels				
6. U. S. Mission to OECD - Paris				
7. U. S. Mission to International Organizations - Geneva				
Subtotals				

**D. Totals**

E. Comments: (When the totals of Columns 1 and 4 do not agree with Lines 6 and 7, respectively, of Column C of SF-113A for December 31, 1967, a reconciliation is necessary.)

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-3

November 16, 1967

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Federal education, training and related programs

1. Purpose. This Bulletin provides instructions for the submission of data required in the preparation of a special analysis of Federal education, training and related programs for the 1969 budget. Programs reported should generally follow the pattern of the programs included in Special Analysis G of the 1968 budget; modifications should be made, however, to include newly established programs and proposed new legislation.

2. Scope of the analysis. This analysis is based upon a broad definition of education and training which includes all domestic or international educational and training activities, even if they are not the primary purpose of a program and may not be coded in functional category 700, "Education." For purposes of this analysis, an activity should be included if it directly or indirectly supports a student-teacher relationship or other organized transmission of, or search for, knowledge in an educational context.

In addition to all items coded in functional classification 700, all other programs will be included which involve formalized on-the-job training activities, conduct of research at universities, national libraries and library aid programs, military occupational training with transfer value to the civilian economy, and Federal programs which support educational services for foreign nationals through grants or exchange of persons.

Examples of activities which are not to be included are the following:

- Basic recruit training of military personnel and other strictly military training, such as gunnery training.
- Scientific research conducted outside of academic institutions, or in Federal contract research centers administered by academic institutions.

- University service contracts such as in foreign aid or mental health centers.
- School lunch and special milk programs.
- Technical assistance between governments or levels of government which do not involve educational institutions.
- In-service training of Federal civilian employees when not conducted at educational institutions.

3. Material required. Information required for this analysis will include:

a. Analyses of budget data (both new obligational authority and expenditures) for education, training and related programs for each appropriation or fund account, or other logical program unit below the appropriation level.

b. Program statistics relating NOA to workload and the number of individuals receiving assistance under these programs.

c. A brief narrative statement describing the education and training activities of the agency as a whole, citing appropriate budget amounts and program statistics.

The format and instructions for the preparation of the information required in paragraphs a and b above are set forth in Attachment A to this Bulletin. Agencies are requested to comply with these requirements within 10 calendar days after notice of the President's determination on the 1969 budget is received; if the determination is received later than December 20, the information is to be supplied within 4 days.

PHILLIP S. HUGHES  
Acting Director

Attachments



ATTACHMENT A  
Bulletin No. 68-3

INFORMATION FOR SPECIAL ANALYSIS  
ON FEDERAL EDUCATION, TRAINING, AND RELATED PROGRAMS  
IN THE 1969 BUDGET

1. Preparation of "Analysis of Budget Data." An original and two copies of an "Analysis of budget data," using the exact form illustrated in Exhibit 1, should be prepared for each appropriation or trust fund account which has expenditures for education, training, and related programs of \$100 thousand or more in 1967, 1968, or 1969. Blank forms for the submission of these data may be obtained from the Publications Unit, Bureau of the Budget, code 103, extension 4660. Mr. Edward Brayer, code 103, extension 3533, will be available to answer questions and provide advice with respect to preparation of the report. If a single appropriation covers several different types of programs, as in the case of the Elementary and Secondary Education Act or the Economic Opportunity Act, separate schedules should be prepared for each major subprogram, to provide as a minimum the program detail printed in Special Analysis G in the 1968 budget. An agency summary schedule is also required.

Separate schedules should be prepared for (a) amounts enacted and proposed in the budget, (b) amounts proposed for separate transmittal under existing legislation, and (c) amounts proposed for separate transmittal under proposed legislation. In programs where the budget totals for expenditures are significantly netted down or reduced by the use of such measures as Federal sales of participations, the form should be footnoted to show a comparison for 1967, 1968, and 1969 of the gross amount of participation sales, receipts from repayments of loans, etc., reflected in the net total for the programs. Similarly, guarantees of private loans should be footnoted.

Expenditures will be reported net of reimbursements received, but will include payments to other agencies. Where delegations or transfers are involved, the funds will be reported for the agency receiving the initial appropriation. Amounts will be entered in thousands of dollars. Where exact figures are not available for the individual categories, amounts should be estimated on the best basis available.

The agency, bureau, account title, and budget identification

code (see section 21.3 of Bureau of the Budget Circular No. A-11) should be entered in full in the heading of the schedule. When the schedule is for a major subprogram covering only a portion of an appropriation account, the specific program or activity should be clearly identified.

Totals reported for each program and each agency for 1967 and 1968 should be checked against those in Special Analysis G in the 1968 budget. Significant discrepancies should be noted and explained. Details should add to the total; no subtotals are required. Immediately below the total line, a memorandum entry will indicate the amount applicable to and included in the health special analysis (see sections 45.1 - 45.5 of Bureau of the Budget Circular No. A-11), so that overlapping items between the two analyses can be identified.

The categories of level or type of educational activity supported which are to be reported are defined as follows:

Category	Code	Definition
PRESCHOOL/ELEMENTARY/ SECONDARY		All expenditures for all preschool, elementary, and secondary education, exclusive of vocational education.
<u>General support</u>		Programs such as impacted area aid, NDEA support, and support for strengthening State education agencies. Indicate the amounts applicable to each subcategory.
Operations	111	
Facilities and equipment	112	
<u>Education of special groups</u>	120	Special programs for the poor under Title I of the Elementary and Secondary Education Act, the handicapped, certain OEO programs, etc. Include education for dependents of American personnel abroad.
<u>Teacher training</u>	130	Teacher training programs applicable to preschool, elementary, and secondary education (e.g., Education Professions Development Act

<u>Category</u>	<u>Code</u>	<u>Definition</u>
		institutes and NSF institutes for teachers at these levels).
<u>HIGHER EDUCATION</u>		All expenditures for university-based higher education, except for research on educational processes (included in category coded 400), training of Federal personnel, and international educational activities.
<u>Facilities and equipment</u>	210	Higher education facilities, college housing, NSF science facilities; construction under NASA university grants, funds for physical plant under general institutional grants (when this can be identified).
<u>Undergraduate student support</u>		Student loans, college work-study, scholarships, etc.
<u>Support of individuals</u>	221	Indicate whether the support is provided to individuals or institutions.
<u>Support of institutions</u>	222	
<u>Graduate and professional training</u>		Indicate in each subcategory, the amount applicable for support of university-based education which is credited toward a graduate or undergraduate degree, is degree-equivalent in course content, or involves post-doctoral training. Include health professions educational assistance; fellowships and traineeships; teacher institutes for higher education; grants to States for professional training for public assistance, public health, highway, welfare, and similar
<u>Support of individuals</u>	231	
<u>Support of institutions</u>	232	

Category	Code	Definition
		programs. Excludes contract training of Peace Corps volunteers or other sub-professional training.
<u>Research and development</u>	240	Support of research in academic institutions proper, except for curriculum development and research on educational processes. Data reported should be consistent with those reported to the NSF for "Federal funds for research, development, and other scientific activities."
<u>Other</u>	250	Grants to land-grant schools, extension education creditable toward a degree, grants for vocational education in technical institutes or junior colleges, faculty exchanges and teaching fellows, institutional development programs not allocated to codes 210 through 240, support of foreign study for American students through Fulbright program or other exchanges.
VOCATIONAL AND CONTINUING EDUCATION	300	Activities which are involved with occupational training, or which are essentially continuing education of a general or nonjob-related type. Include such programs as vocational educational grants, residential vocational schools, in-school Neighborhood Youth Corps programs, the educational part of work experience and Job Corps

Category	Code	Definition
		programs, technical educational assistance to farmers and management training for small businessmen, out-of-school remedial and adult education, educational television, library aid programs outside school systems, urban extension centers, and remedial education for school drop-outs and adults.
EDUCATIONAL RESEARCH AND DEVELOPMENT	400	Research on the educational process and all curriculum development whether or not it is carried out in academic institutions; include identifiable activities supporting educational research in the Department of Defense and other agencies.
TRAINING OF FEDERAL PERSONNEL		All education and training of Federal personnel except strictly military training without civilian transfer value.
<u>Military</u>	501	Technical and professional training of military personnel in military or civilian schools (exclusive of training for strictly military purposes) and education in service academies (except for amounts reported as educational research and development).
<u>Civilian</u>	502	Training of Federal civilian personnel which must be accounted for under the Employee Training Act and

Category	Code	Definition
		other formalized training, such as in the Foreign Service Institute.
INTERNATIONAL EDUCATIONAL ACTIVITIES	600	Federal education activities which support the education or training of foreign nationals either in this country or in their own country. Includes aid to American schools abroad (AID), exchanges of persons (except for sending U.S. students abroad); participant training, which involves bringing foreign nationals to this country; AID support of education abroad either through direct support or contracts with U.S. universities; Peace Corps teaching abroad; U.S. support of educational activities of international organizations; and Center for East-West Study. Excludes noneducation aid which may support education abroad, such as food for children, materials for school construction, etc.
OTHER	700	All education expenditures not covered in entries above. Include administration expenses of the Office of Education and the NSF, short-term subprofessional training of Peace Corps volunteers, etc. (It is not necessary to break administration out of programs where it is lumped with the substantive funds.)

Category	Code	Definition
TOTAL	800	The sum of the amounts entered in codes 111 through 700.

## 2. Preparation of program statistics.

a. Data relating workload to NOA. Program statistics on Federal assistance should be reported in the format illustrated by Exhibit 2. These data are to be provided only for the selected list of programs shown in Attachment B.

This information is desired for textual analysis of the relationship of outputs to NOA; any qualifications that would be useful for that purpose should be noted on the form. For each major program or subprogram listed on Attachment B (e.g., Job Corps, Neighborhood Youth Corps, Title I of the Elementary and Secondary Education Act) information should be supplied on both the workload (e.g., number of grants) or output indicators and, where possible, the numbers of individuals aided.

For each program or major subprogram which is a distinct entity, specify the exact type of aid received (e.g., "loans for construction of college facilities - community colleges," etc.), give the amount of aid which is provided and, if possible, provide some measures of related outputs. The outputs can be the number of each type of recipient, the number of grants, the numbers of individuals served, enrolled, trained, etc. Several "outputs" might be given for the same program, as number of Job Corps camps and number of enrollees in each type of camp. Among the possible entities receiving grants may be communities, school districts, institutions of higher education (identify specifically whether community colleges, technical institutes, universities, etc.). Outputs should be specifically related to NOA whenever possible.

b. Data on college, professional, and technical training. Comprehensive program statistics on the number of graduate-undergraduate college or other students aided by Federal funds (including the gross amount of private aid through federally insured programs) will be reported in the format illustrated by Exhibit 3. These data are to be provided by all agencies for all programs supporting college or professional training of 50 or more persons directly or indirectly in 1967, 1968, or 1969. The following types of aid will be reported:

Fellowships:  
    Predoctoral  
    Postdoctoral  
Assistantships  
Traineeships  
Scholarships  
Student loans  
Trainees  
Other (specify)

Most of these will be in codes 130, 221, 231, 501, and 502, but may be included in other groups. Data should include training of teachers at least to the extent reported on page 139 of the 1968 budget. Numbers of military personnel trained in civilian-type courses should also be provided. For each program specify the exact title of the activity which is providing assistance and the type of assistance provided (e.g., "national defense fellowship (predoctoral)," "educational opportunity grants," etc.). In each case, enter the number of students receiving each type of aid, and the total amount of aid provided both to individuals and as total institutional grants. Indicate the amount of any such institutional grants in parentheses.

A particularly determined effort should be made to obtain or estimate data on the numbers of individuals assisted in the higher education (fellowship, scholarship, research assistantship, traineeship, etc.) and adult programs, differentiating between part-time training and full-year training. Estimates should also be provided, if exact figures are not available, of the numbers of individuals aided in graduate and professional training through research assistantships. The figures provided for graduate and professional training should be checked for consistency with those in Table G-3 of Special Analysis G for fiscal year 1968.

3. Narrative explanatory statement. A brief narrative statement for the agency is required (not to exceed two typed pages in length, except for major educational agencies such as the Office of Education). The narrative should describe the purpose of the agency's education, training, and related programs. In addition, program highlights and major trends should be covered for 1967, 1968, and 1969; proposed new legislation for 1969 should be identified.



EDUCATION, TRAINING, AND RELATED ACTIVITIES  
IN THE 1969 BUDGET

EXHIBIT 1  
Bulletin No. 68-3

ANALYSIS OF BUDGET DATA  
(In thousands of dollars)

Agency Department of Government	Bureau Bureau of Education
Account title Higher educational activities	Identification code 16-43-2365-0-1-701
Activity (if only part of appropriation)	

Category	Code	NOA			Expenditures		
		1967	1968	1969	1967	1968	1969
PRESCHOOL/ELEMENTARY/ SECONDARY:							
General support:							
Operations.....	111						
Facilities and equip- ment.....	112						
Education of special groups.....	120						
Teacher training.....	130						
HIGHER EDUCATION:							
Facilities and equip- ment.....	210						
Undergraduate student support:							
Support of individ- uals.....	221						
Support of institu- tions.....	222						
Graduate and profes- sional training:							
Support of individ- uals.....	231	250	1,500	1,500	100	250	1,500
Support of institu- tions.....	232	250	1,500	1,500	100	250	1,500
Research and develop- ment.....	240						
Other.....	250						
VOCATIONAL AND CONTINU- ING EDUCATION.....	300						
EDUCATIONAL RESEARCH AND DEVELOPMENT.....	400						
TRAINING OF FEDERAL PERSONNEL:							
Military.....	501						
Civilian.....	502						
INTERNATIONAL EDUCA- TIONAL ACTIVITIES....	600						
OTHER.....	700						
TOTAL.....	800	500	3,000	3,000	200	500	3,000
Amount applicable to and included in the health analysis (memo).....		( 50 )	( 300 )	( 300 )	( 20 )	( 50 )	( 300 )

Actual size of this  
form is 8 x 13 inches.

EXHIBIT 2  
Bulletin No. 68-3

EDUCATION, TRAINING, AND RELATED ACTIVITIES  
IN THE 1969 BUDGET

Analysis of Federal Assistance Provided

DEPARTMENT OF GOVERNMENT  
Bureau of Education

Elementary and Secondary Educational Activities  
(16-43-2357-0-1-701)

	Workload			(in thousands of dollars) New obligational authority		
	1967 act.	1968 est.	1969 est.	1967 actual	1968 estimate	1969 estimate
Title I grants to school districts:						
Grants ..... 15,000	17,000	17,000)	1,000,000	1,200,000	1,200,000	
Students aided						
(thousands) ... 7,000	8,000	9,000)				
Title II grants for school books						
Grants ..... 10,000	10,300	11,000)	100,000	102,000	105,000	
Books purchased						
(thousands) ... 3,000	3,100	3,500)				
Title III grants to school districts for supplementary educational centers:						
Planning grants 1,000	3,000	4,000)	100,000	207,000	250,000	
Operating grants 1,000	3,000	3,500)				
Students affected						
(thousands) ... 1,000	1,000	1,000)				

EXHIBIT 3  
Bulletin No. 68-3EDUCATION, TRAINING, AND RELATED ACTIVITIES  
IN THE 1969 BUDGETStudents Aided by Federal FundsDEPARTMENT OF GOVERNMENT  
Bureau of EducationHigher educational activities  
(16-43-2365-0-1-701)

	<u>Number of students</u>			(in thousands of dollars) <u>New obligational authority</u>		
	1967	1968	1969	1967	1968	1969
	<u>actual</u>	<u>estimate</u>	<u>estimate</u>	<u>actual</u>	<u>estimate</u>	<u>estimate</u>
NDEA fellowship (pre-doctoral):						
National teaching fellowships .....	126	500	500	500	3,000	3,000
Institutional grants (memo) .....				(250)	(1,500)	(1,500)
Contributions to NDEA student loan funds:						
Loans to students ..	40,000	43,500	43,700	14,749	19,312	19,340
Higher Education Act advances to guarantee student loans:						
Students receiving subsidized insured loans .....	10,000	500,000	750,000)	.....	4,050	5,200
Loans defaulted ....	.....	500	1,000)			

Attachment B  
Bulletin No. 68-3

LIST OF PROGRAMS FOR WHICH SUBMISSION OF  
ANALYSIS OF FEDERAL ASSISTANCE PROVIDED IS REQUIRED

Department of Defense:

Professional, technical, and related training:

Military personnel

Civilian personnel

Department of Health, Education and Welfare:

Public Health Service:

Construction of medical schools and other health education facilities

Health professions training

National Institutes of Health: Training

National Institute of Mental Health: Training

Vocational Rehabilitation Administration:

Rehabilitation services and training

Office of Education:

Elementary and Secondary Education Act of 1965:

Education of the disadvantaged (grants to school districts with low-income families)

Supplementary centers

Schoolbooks and strengthening State educational agencies

Aid to federally impacted school districts:

Operation

Construction

National Defense Education Act for elementary and secondary:

School equipment, guidance, testing, and teacher institutes

National Teacher Corps

Aid for undergraduate and graduate college students:

Scholarships

Work-study

National Defense Education Act loans

Higher Education Act: Insured loan program

Teacher training:

Fellowships, elementary and secondary teachers

Fellowships, college teachers

Higher education academic facilities:

Grants for college, junior college, and graduate facilities

Loans

Expansion and improvement of vocational education

Grants for libraries and community services

Department of Housing and Urban Development:

College housing loans

Department of the Interior:  
Bureau of Indian Affairs: Indian education

Department of Labor:  
Manpower Development and Training Act:  
Institutional and on-the-job training

Atomic Energy Commission:  
Graduate and professional training and related support for  
higher education

National Aeronautics and Space Administration:  
Research and training

National Science Foundation:  
Science education programs

Office of Economic Opportunity:  
Community Action program:  
Head Start  
Adult training, remedial education, research, etc.  
Job Corps--Urban and rural centers  
Neighborhood Youth Corps  
Work-study  
Work experience--Adult training, including remedial  
education  
Adult basic education  
Education of migrant children  
Special unemployment impact work and training programs

Veterans Administration:  
Compensation and pensions:  
Subsistence allowances for veterans in vocational  
rehabilitation  
Readjustment benefits:  
Aid under War Orphans' Educational Assistance Act  
Veterans' Readjustment Benefits Act, and vocational  
rehabilitation for disabled veterans  
Training of medical personnel engaged in VA medical activities

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-2

July 18, 1967

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Planning-Programming-Budgeting (PPB)

1. Purpose. This Bulletin contains current guidelines for the continued development of integrated Planning-Programming-Budgeting (PPB) systems within agencies of the executive branch. It is not intended to change the instructions for the preparation of the 1969 budget previously communicated by letter to the agencies listed in section 1 of the Attachment, and it is consistent with the current revision of Bureau of the Budget Circular No. A-11. This Bulletin replaces Bulletin No. 66-3 and the supplement thereto.

2. Application of instructions. The Bulletin applies in all respects to the agencies listed in section 1 of the Attachment. It is applicable not later than January 1, 1968, to the agencies listed in section 2. Agencies listed in section 3 should prepare to develop and integrate their planning and programming with budgeting as fully as practicable, but specific time limits are not prescribed herein. Bureau staff will be available for consultation on the nature, extent, and timing of the application of these instructions to the agencies listed in section 3.

3. Principal objective of PPB. The principal objective of PPB is to improve the basis for major program decisions, both in the operating agencies and in the Executive Office of the President. To do this, it is necessary to have clear statements of what the decisions are and why they were made. Program objectives are to be identified and alternative methods of meeting those objectives are to be subjected to systematic comparison. Data are to be organized on the basis of major programs, and are to reflect future as well as current implications of decisions. As in the case of budgeting generally, PPB applies not only to current programs, but to proposals for new legislation.

The budget is the financial expression of the underlying program plan. The budget review will therefore be conducted primarily in program terms for each agency to which this Bulletin applies. It is essential that the Program Memoranda, Program and Financial Plan, and Special Studies provide adequate bases for these decisions. The budget, however, is submitted and must be justified to the Congress in terms of individual appropriations. The program decisions must, therefore, be translated into appropriation requests, and the relationship of these requests to the program decisions must be clearly set forth.

4. Elements of the system. The PPB system is built upon three types of documents:

a. Program Memoranda (PM) which succinctly present the agency head's major program recommendations to the President within a framework of agency objectives, identify the alternatives considered, and support the decisions taken on the basis of their contribution to the achievement of these objectives;

b. A comprehensive multi-year Program and Financial Plan (PFP) which is periodically updated and presents in tabular form a complete and authoritative summary of agency programs (initially those recommended by the agency head and, subsequently, those adopted by the President) in terms of their outputs and costs; and

c. Special Studies (SS) which provide the analytic groundwork for decisions reported in the Program Memoranda.

The Program Memoranda and the PFP are organized around a program structure.

5. Program structure. The program structure groups the activities of an agency into a set of program categories that facilitates analytic comparisons of the costs and effectiveness of alternative programs. Individual program categories establish the scope of the related Program Memorandum. The program categories should, therefore, be chosen so far as possible to permit a self-contained analysis of programs with common outputs or with common objectives.

a. The program categories used in each agency should provide a suitable framework for considering and resolving the major questions of mission and scale of operations which are the proper subject of decision at the highest level within the agency and within the Executive Office

of the President. These program categories will not necessarily be consistent with appropriation categories or with organizational structures.

b. Normally, an agency will have between five and ten major program categories. Most program categories will contain one or more subordinate levels, called subcategories and program elements. Some of the subcategories and program elements will complement others within the same main category. Some may be competitive with others.

c. Each agency is responsible for proposing its own program structure and for reviewing it regularly and proposing its amendment where appropriate. The Bureau of the Budget should be consulted with respect to program structure and its approval obtained for changes therein.

d. The Bureau of the Budget will provide leadership in seeking to fit agency program structures into a Government-wide structure. As progress is made in this effort, agencies may be asked to adjust their structures to permit achieving a comprehensive and compatible structural pattern across agency lines.

6. The Program Memoranda. Each agency should prepare a Program Memorandum (PM) for each program category.

The Program Memoranda should outline the broad program strategy upon which the agencies' plans and programs are to be built for the future years and provide background for the development of annual budget and legislative programs. They define long-range goals and objectives and anticipated program accomplishments.

a. With respect to the annual budget and legislative processes the Program Memoranda serve two major purposes:

(1) They contain the major program recommendations of each agency for the upcoming budget, and define authoritatively the strategy underlying those program recommendations. As such they convey the tentative program recommendations of the agency head, and also provide internal guidance for the preparation of the agency's detailed budget submission. For this purpose, the Program Memoranda must record all of the major program decisions within each category.

(2) In addition to showing what choices have been made, the Program Memoranda should make clear why



particular choices have been made, by identifying agency objectives in a measurable way, and comparing alternative programs in terms of their costs and their achievement of the objectives. In short, the Program Memoranda should provide an explicit statement of program strategy, with the basis for major program decisions explicitly stated. The documents should be concise enough to be used directly by agency heads and by the Director of the Bureau of the Budget.

b. The basic PM should stand on its own and in no case should it be longer than twenty pages. It should be prefaced by a two- or three-page summary.

c. The treatment of decisions in the Program Memoranda may vary. Wherever there are major policy issues relating to a program, the Program Memorandum should, at least, identify the issues in terms of the alternative courses of action among which choices must be made and the recommended course of action. Wherever possible, it should summarize the analytic basis for the choice. Where Special Studies carry the detailed analysis and have been made available, a Program Memorandum need only summarize the findings, making reference to the study reports without repeating their contents. Supporting analyses may also be contained in separate appendixes to the basic PM.

d. The limits imposed by the availability of analytic staff resources or other circumstances may in some cases make it impossible to provide full treatment of alternatives and their analysis in each Program Memorandum. Such instances will diminish as the PPB system is developed. Nevertheless, since the Program Memoranda are to constitute the principal basis for major program decisions in the budget review process, it is essential that such decisions in each program category be recorded in the PM and that the reason for the decisions be stated. Minor decisions will, of course, be reflected in the PFP and all decisions will be reflected in the appropriation requests. This selectivity will not only produce desirable brevity in the Program Memorandum, but will also permit the focusing of the limited number of studies that can be done on the issues where they can have the greatest effect.

e. When a program is an experimental one or a demonstration, the PM should clearly identify this fact. If it is necessary to proceed for more than one year on an experimental or demonstration basis, the PM should indicate why a decision to start a full-scale program is being postponed, what is being done to reach a conclusion on expansion or termination, and the date when a decision is expected.

f. The PM should deal explicitly with the legislative implications of the alternatives presented in it.

7. Multi-year Program and Financial Plan. The PFP presents in tabular form, and for a period of several years, pertinent data relating to the outputs, cost, and financing of agency

programs. These data are to be presented in a set of tables that reflect the decisions on agency programs contained in the Program Memoranda as well as minor program decisions not set forth there. The PFP should show the future implications of current decisions. The output and costs are to be shown for each program element, grouped in terms of the program structure by category and subcategory, and for each year of the planning period covered by the PFP--the fiscal year just past, the current year, and the budget year, plus at least four future years.

a. Presentation of future year data. The years beyond the budget year are included primarily to show the future implications of current (past and present) decisions. This projection, therefore, is not designed to predict comprehensively future budget totals for agencies or for major programs.

(1) This approach permits, on the output side, a showing of the expected results of development or demonstration projects and the fruition of multi-year investment projects; and, on the cost side, a reflection of future requirements that are the results of program decisions for the budget year. For current decision-making purposes, this will make a more effective presentation where program levels are prescribed by law, where a program involves investments and future operating costs spread over several years, where program levels are determined by factors outside Government control (such as increases in population), or where a program is undertaken as an experiment or demonstration to provide a basis for future program decisions.

In the latter case, the PFP should identify, by a footnote, the year in which the next decision will be required on the program. Thus, if the current decision does not provide for full-scale operation of a program, costs and outputs should not be projected beyond the next decision point. (For major program decisions, the expected cost and output of the full-scale program, the evidence being accumulated to warrant expansion or termination, as well as the timing of the next decision point should, of course, be discussed in the PM.)

(2) Where an existing program is expected to continue throughout the planning period, but no decision has been made as to its future level, it should be shown at its current levels unless (a) mandatory or built-in changes are required under existing law, by uncontrollable workload, or by demographic or other factors, or (b) explicit justification for some other pattern is

provided in the Program Memorandum (or if the decision is a minor one, reflected succinctly in a footnote to the PFP).

(3) The PFP therefore is to show the implications of current decisions and will not necessarily reflect accurate estimates of agency budget totals for the years beyond the budget year, because it omits new programs not yet recommended and fails to reflect program level changes, including the termination of some existing programs, decisions on which are not part of the current budget cycle. The fact that the PFP is designed to show the future implications of current decisions is not meant to imply that in Program Memoranda or Special Studies, or for their own internal use, agencies should not develop and evaluate alternative individual program policies, costs, and outputs for a five-year period. They are encouraged to do so. The PFP, itself, however, is meant to be a record of the present and future budgetary and output consequences of the current year's decisions. In brief, the long-run program strategy outlined and analyzed in the Program Memoranda need not -- and in many cases should not -- be confined to decisions taken in the coming budget. The data shown in the PFP, however, should.

b. Outputs. Table I of the PFP will display outputs--that is, a quantitative measure of end products or services produced by a program element. Where it is meaningful to do so, outputs should be aggregated by subcategory and category of the program structure.

(1) Outputs by program element in Table I are to reflect the best measure of what is produced by that element. Outputs will not necessarily measure the achievement of a program objective, nor the benefits of the program. Such measures are vital to the PPB process--they should be identified as soon as practicable, and should be given full consideration in the Program Memoranda and Special Studies. Wherever meaningful measures of achievement and effectiveness are available for a program, the PFP should display them either on a separate line in Table I, properly identified, or by means of a supplementary table. In certain cases, such as research programs, where meaningful

measures of output cannot be defined, the best available quantitative nonfinancial descriptions of the program should be used (e.g., the number of projects initiated, continued, and completed, number of research workers engaged, or the number of researchers trained).

(2) In some cases--a recreation program, for example--costs in the PFP may best be related to the capacity of proposed recreation facilities, and this might serve as the best output measure. Attainment of the objective of the program, however, may best be shown by a measure of the use of the facilities--which is an important factor for decision-making on the program. Both of these measures, therefore, are relevant and appropriate for presentation.

(3) In the case of an on-the-job training effort, the simplest measure of output in relation to cost might be the number of workers trained, or the student weeks of training supplied. The number of workers trained might also have added significance since it may reflect the diminution of dependence on public assistance. But the ultimate purpose of the program presumably is to improve the earning capacity of the worker trained. The best measure of the success of the effort, therefore, might be the increase in income that results from the training. It is possible that a program which showed "low output"--in terms of the numbers of workers trained--might be more effective on this criterion because it was better taught, or focused on skills in shorter supply, than a program that showed a higher "output."

(4) In short, where objectives are complex, as they often are for Government programs, it may be impossible to find a single, conceptually clear output measure that will satisfy all the needs of decision-making on a program. Basically, the PFP should show measures of what is produced as a result of a program effort, supplemented where appropriate by one or two other measures of achievement and effectiveness, with the relationship of these measures and the pertinent costs explained in the PM's and Special Studies.

c. Costs. Parallel to the display of output in Table I, Table II of the PFP presents a tabular statement of financial requirements in terms of program costs to be incurred for program activities. In addition to the display of program costs for each program element, the NOA requirements for the budget year for each program category should be set

forth. Differences between budget year NOA and program cost that are greater than 10 percent of the larger item should be explained in a footnote. The definitions of "program cost" and "NOA" are those established by Circular No. A-11 for the program and financing schedules in the budget appendix. (Agencies desiring to use any other financial concept in lieu of program costs should consult the Bureau of the Budget.)

(1) The financial data presented in the PFP for each program element should reflect total program costs inclusive of the program-oriented research and development, investment, and operating costs required to produce the output shown in Table I. Where there exists a significant difference between the total program costs and the costs funded by the particular Federal agency, both the cost to the given agency and the total net cost to other agencies, other units of Government, the private sector, or other sources, should be identified and shown in three separate lines--one for the given agency, one for other Federal agencies, and the third for all other sources.

(2) For programs financed with earmarked receipts or with their own generated receipts, such as loan programs, Government corporation activities, and revolving funds, Table II of the PFP should show the total level of resources committed or applied, as well as cost to the Government and obligational authority. In difficult or unusual cases, the agency should consult with the Bureau of the Budget on this display.

(3) It should be noted that costs in the PFP are defined in a more limited sense than the costs which may--and usually should--be utilized in the Program Memoranda or in Special Studies. For decision-making purposes, the analysis of a problem should include the consideration of economic opportunity costs, marginal costs, and systems costs.

(4) For the year immediately past, the presentation is to be based upon cost data that are adequately supported in the agency accounting system. Where the maintenance of specific accounts for program classifications is not justified as an efficient and practical approach, cost data for the past year may be developed through cost allocation or analysis techniques: in such cases there should be a technical note appended to the PFP to indicate the techniques used. Cost distribution practices should be so developed as to provide a suitable basis for program decisions and to provide to the managers concerned reliable information that will permit them to evaluate results actually obtained in relation to the resource allocation decisions made under PPB.

d. Reconciliation of program costs to appropriations. The PFP will include as Table III a reconciliation--a "cross-walk"--of the NOA shown for the budget year in the PFP, with NOA estimates by appropriation and fund account. However, this table need not necessarily go to the level of program element; and translation can be done at the level of program category or subcategory, whichever is appropriate. Similarly, for this purpose, appropriations or funds which are grouped into a single "building block" under Circular No. A-11 (for example, certain relatively inactive accounts) may also be so grouped for the purposes of this tabulation. The purpose is to provide a reconciliation between program costs and the budget submission, sufficient to insure that the budget submission is consistent with the intent of the program decisions. The PFP constitutes a link between the marginal systems costs in the PM that are pertinent to decision-making, and the financing needed to carry out programs.

8. Special Studies. Special Studies are a vital element of PPB. By providing the analytic basis for decisions on program issues in the PM, they determine the quality of the PPB system's contribution to the decision-making process. Special Studies will, in general, formulate and review program objectives in terms useful for making program comparisons; they will review in terms of costs and benefits the effectiveness of prior efforts, compare alternative mixes of programs, balance increments in costs against increments in effectiveness at various program levels with attention to diminishing returns and limitations of physical resources, and assess the incidence of benefits and costs as well as their totals. Normally, a Special Study will not be co-extensive with a program category. Most will deal with specific phases of a program; some studies will cut across program category lines. In every case a Special Study will contain specific recommendations for future action. There is no fixed length or format for Special Studies.

A Special Study should normally be made whenever a proposal for major new legislation is involved. Such a study should spell out the purposes, costs, and expected accomplishments under the legislation, and the alternatives considered for accomplishment of the purpose.

9. Timing for production of documents. PPB is a continuous process. The analytic work cannot produce once-and-for-all answers. Successive analyses should assist in producing successively better Government decisions and in responding to new initiatives and changing circumstances.

The decisions to which PPB contributes are basically incorporated in two annual processes--the annual executive budget of the Government and the annual legislative program of the President. Consequently, it is necessary that the preparation and presentation of PPB documents fit the schedules for these two processes. Similarly, the documentation under this instruction should be coordinated with and be consistent with the submissions made under Circular No. A-11 on the budget and Circular No. A-19 on legislation. In fact, the PM and the PFP are integral parts of each covered agency's budget submissions.

The timing for the major documents is as follows:

a. Program Memoranda. Program Memoranda will be drafted each year for each program category. The Bureau of the Budget will identify well in advance certain issues it may wish to have especially considered. The Bureau of the Budget will also generally indicate a staggered schedule of dates for the submission of draft Program Memoranda, usually over the period from February 15 through July 15. The draft Program Memoranda should contain or be accompanied by tables showing for the planning period the output and cost data covering at least the major issues dealt with in the PM for the given program category.

Wherever possible, the Bureau will respond to the draft PM with comments on recommendations and supporting rationale. Revisions should then be made in the PM to reflect the agency head's consideration of the Bureau's comments and to reflect any further developments in the agency analysis. The PM should then be submitted in final form by September 30.

b. Program and Financial Plan. The Program and Financial Plan is to be prepared annually and transmitted to the Bureau by September 30. It should be consistent with the Program Memoranda and the rest of the budget submission which is due at the same time.

The PFP should be revised as necessary for use within the agency to reflect major changes in the program plans taking place, but submission of any such revised PFP to the Bureau of the Budget is not required as a routine matter. The PFP should be revised for consistency with the President's budget in January. Where congressional action on the agency budget is completed appreciably ahead of September 30, a further revision would be appropriate to reflect such action.

c. Special Studies. Agencies should maintain a continuing program of Special Studies. These may extend over more than one year of the budget cycle and need not follow a uniform time pattern.

(1) A list of Special Studies contemplated by the agency should be submitted to the Bureau of the Budget not later than January 15, covering the new calendar year. The Bureau may make additional suggestions with reference to proposed studies, giving particular emphasis to studies which may be needed for the forthcoming budget cycle each year, and the dates by which such studies should be submitted. Special studies requested by the Bureau, and such others as the agency head believes appropriate for submission, should be forwarded to the Bureau as soon as they have been reviewed by the agency head. The Bureau of the Budget will give substantive and technical comment as promptly as feasible.

(2) Draft Program Memoranda and Special Studies should be submitted to the Bureau of the Budget in six copies, or such other number as may be requested by Bureau representatives. Each final PM and PFP should be submitted in the same number as is specified in Circular No. A-11 for annual budget submissions, or in such other number as Bureau of the Budget representatives may specify.

10. Illustrative annual cycle. In summary, a typical annual cycle is as follows:

September: Agency submits PM's in final form, PFP's, the annual budget, and the annual legislative program to the Bureau of the Budget.

October-December: Bureau reviews and recommends to the President; Presidential decisions made and communicated to the agency.

January: Executive budget is presented to the Congress; major elements in the legislative program are indicated in the State of the Union message, the budget message, the economic report, or in other communications to Congress.

January: Agency reviews special study program and submits proposed list for the calendar year to the Bureau.

January: Agency updates the PFP to conform to the executive budget.



- February: Bureau indicates to agency its request for Special Studies and for issues to be covered in Program Memoranda during the upcoming budget cycle.
- February-July: Agency brings Special Studies to completion and prepares drafts of Program Memoranda.
- April-August: Budget Bureau responds on Special Studies and draft Program Memoranda.
- July-September: Agency head makes final decisions on his program recommendations; agency revises draft Program Memoranda; agency updates PFP, adding one year and making it conform to agency head recommendations.
- Year around: Special Studies are begun, carried on and completed, as appropriate.

11. Responsibility, staffing and training. Responsibility for the development and use of Planning-Programming-Budgeting systems rests with the head of each agency. Since planning, programming and budgeting are all essential elements of management, it is necessary that line managers at appropriate levels participate in the system. Management responsibility should be so fixed that the agency head receives the recommendations of his principal managers on all major program issues. It may be desirable to provide principal managers with small analytic staffs to insure their meaningful participation in Special Studies and other analytic work. Similar arrangements for obtaining the views of other echelons may be made, consistent with the agency's assignment of responsibility.

a. Whether or not analytic staffs are provided the principal managers, each agency should establish a specialized analytic staff reporting directly to the agency head or to his deputy. The principal duties of this staff will be to coordinate the analytic and planning work done in the subordinate bureaus or other organizations of the agency; to initiate and conduct Special Studies; where appropriate, to provide first drafts of Program Memoranda; and to supervise or monitor research for program analysis.

b. Each agency should take such action as is needed to provide, within the management system of the agency, for an automatic provision of pertinent data on the results of the resource allocation decisions made under PPB. Agency information systems should be designed to provide timely

data on outputs and costs in budget execution--suited to the needs of the managers concerned with agency programs--so that programs may be effectively carried out according to plans and related operating budgets, and to provide information useful for planning and programming in the next cycle of operations.

c. To make PPB a fully effective system, a general understanding of the methods and purposes of PPB must be created throughout the agencies. Agencies are, therefore, encouraged both to make maximum use of the various training and educational programs offered through the Civil Service Commission, and also to establish their own internal orientation and training courses.

CHARLES L. SCHULTZE  
Director

Attachment

ATTACHMENT  
Bulletin No. 68-2

Section 1

Department of Agriculture  
Department of Commerce  
Department of Defense - separate submission for:  
    Military functions (including Civil Defense)  
    Corps of Engineers, Civil functions  
Department of Health, Education, and Welfare  
Department of Housing and Urban Development  
Department of the Interior  
Department of Justice  
Department of Labor  
Post Office Department  
Department of State (excluding Agency for International  
    Development)  
Department of Transportation  
Department of the Treasury  
Agency for International Development  
Atomic Energy Commission  
Central Intelligence Agency  
General Services Administration  
National Aeronautics and Space Administration  
National Science Foundation  
Office of Economic Opportunity  
Peace Corps  
United States Information Agency  
Veterans Administration

Section 2

Civil Service Commission  
Federal Communications Commission  
Federal Power Commission  
Federal Trade Commission  
Interstate Commerce Commission  
Securities and Exchange Commission  
Small Business Administration  
Tennessee Valley Authority

Section 3

Export-Import Bank of Washington  
Federal Home Loan Bank Board  
Federal Mediation and Conciliation Service  
National Labor Relations Board  
Railroad Retirement Board  
Selective Service System

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

BULLETIN NO. 68-1

July 13, 1967

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Uniform Time Act of 1966

The purpose of this Bulletin is to call the attention of all executive departments and establishments to an amendment issued by the Department of Transportation to its instruction entitled "Guidelines for Observance of Time Under Provisions of the Uniform Time Act of 1966," which was distributed for the guidance of Federal agencies as an attachment to Bureau of the Budget Bulletin No. 67-8 dated April 27, 1967.

A copy of the amendment dated June 30, 1967, is attached.

PHILLIP S. HUGHES  
Acting Director

Attachment

(67-8)

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

June 30, 1967

Amendment to Guidelines for Observance of Time Under  
Provisions of the Uniform Time Act of 1966 Issued  
by the Secretary of Transportation on April 27, 1967

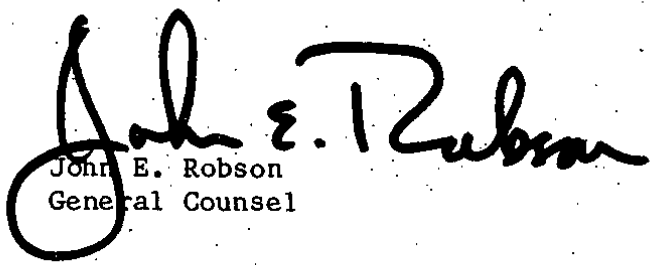
On June 16, 1967, the entire State of Michigan began observing daylight saving time. Subsequently, the Governor of the state withdrew his petition to change the upper peninsula of Michigan from the central to the eastern time zone.

As a consequence, observation of the following times is called for under the provisions of the Uniform Time Act until the last Sunday of October.

- eastern daylight time in the lower peninsula
- central daylight time in the upper peninsula

The Act also provides that on the last Sunday of October until the last Sunday of the following April, the standard time of the respective zones applies.

It is expected that Federal installations will also follow the provisions of the Uniform Time Act throughout Michigan.

  
John E. Robson  
General Counsel